



**AGENDA**  
**RIO DELL CITY COUNCIL**  
**STUDY MEETING – 5:30 P.M.**  
**REGULAR MEETING – 6:30 P.M.**  
**TUESDAY, SEPTEMBER 17, 2013**  
**CITY COUNCIL CHAMBERS**  
**675 WILDWOOD AVENUE, RIO DELL**

*WELCOME . . . By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.*

**THE TYPE OF COUNCIL BUSINESS IS IDENTIFIED IMMEDIATELY AFTER EACH TITLE IN BOLD CAPITAL LETTERS**

A. CALL TO ORDER – 5:30 p.m.

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. STUDY SESSIONS/SPECIAL PRESENTATIONS (5:30-6:30 p.m.)

- 1) 2013/0917.01 - Special Presentation Regarding Live Broadcast from Rio Dell City Hall Council Chambers (Sean McLaughlin, Executive Director, Access Humboldt)
- 2) 2013/0917.02 - Study Session Related to the Wastewater Rate Study with Bartle Wells Associates/ provide staff direction (**ACTION**)

E. REGULAR MEETING – 6:30 p.m.

F. PUBLIC PRESENTATIONS

*This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the Councilmembers*

*present that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.*

## G. CONSENT CALENDAR

*The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Council members if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually in the next section, "SPECIAL CALL ITEMS".*

- 1) 2013/0917.03 - Approve Minutes of the September 3, 2013 Regular Meeting  
(ACTION) 1
- 2) 2013/0917.04 - Authorize the City Manager to Execute a Contract Amendment with Kurt Hirtzer Inspection Services Extending Construction Management and Inspection Services through October 31, 2013 for the Wastewater Treatment Plant Upgrade and Disposal Project (ACTION) 13
- 3) 2013/0917.05 - Draft 2013 Hazard Mitigation Plan (RECEIVE & FILE) 14
- 4) 2013/0917.06 - Audited Financial Statements for FY 2011-2012 (RECEIVE & FILE) 37
- 5) 2013/0917.07 - Approve Addition to Include Stairway from Upper Parking Lot to Existing Back Door of City Hall Including Minor Concrete Work to the 2013-14 ADA Project (ACTION) 80

## H. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

- 1) "SPECIAL CALL ITEMS" from Consent Calendar
- 2) 2013/0917.08 - City Engineer Verbal Project Status Report - Merritt Perry
- 3) 2013/0917.09 - Declare (2) Real Properties Surplus to the City and Authorize Appraisals to Determine Values in Preparation to Sell (ACTION) 81
- 4) 2013/0917.10 - Approve \$15,000 Transfer from General Fund Reserve for Boundary Survey and Preparation of Prop 84 Grant Application for Drainage Improvements in the Northwestern Ave. Area and Authorize City Manager to Execute Agreement with GHD Engineering (ACTION) 85
- 5) 2013/0917.11 - Approve Adding Colors to City Hall Sign (ACTION) 86

## I. SPECIAL PRESENTATIONS

- 1) 2013/0917.12 - City Engineer Project Status Report - Merritt Perry

J. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2013/0917.12 - Conduct Second Reading (by title only) and Adopt Ordinance No. 306-2013 Amending the Fence Regulations, Chapter 17.30.090 of the Rio Dell Municipal Code and Continue Consideration, Approval and Adoption to the September 17, 2013 Regular Meeting (ACTION) 87
- 2) 2013/0917.13 - Conduct Second Reading (by title only) and Adopt Ordinance No. 307-2013 Amending Ordinance No. 286-2012, Chapter 13.10.130 of the Rio Dell Municipal Code, Fees for New Sewer Connections (ACTION) 94

K. REPORTS/STAFF COMMUNICATIONS

1. City Manager
2. Chief of Police – **Monthly Police Activity Report for August 2013** 98
3. Finance Director - **Check Register for August 2013** 107
4. Community Development Director

L. COUNCIL REPORTS/COMMUNICATIONS

M. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS: **No Closed Session Items Scheduled**

N. ADJOURNMENT

*The next regular meeting will be on October 1, 2013  
at 6:30 p.m. in City Hall Council Chambers*

**RIO DELL CITY COUNCIL  
SPECIAL MEETING  
REGULAR MEETING  
SEPTEMBER 3, 2013  
MINUTES**

The special meeting/regular meeting of the Rio Dell City Council was called to order at 6:00 p.m. by Mayor Thompson.

**ROLL CALL:** Present: Mayor Thompson, Councilmembers Johnson, Wilson and Woodall

Absent: Councilmember Marks (excused)

Others Present: Special Meeting: City Manager Stretch, Finance Director Beauchaine, Community Development Director Caldwell, Wastewater Superintendent Chicora and City Clerk Dunham

Regular Meeting: City Manager Stretch, Chief of Police Hill, Finance Director Beauchaine, Community Development Director Caldwell, Wastewater Superintendent Chicora and City Clerk Dunham

Absent: Water/Roadways Superintendent Jensen (excused)

**SPECIAL MEETING MATTERS**

Discussion on Possibility of Refocusing Methodology of Wastewater Rate Study/Provide Staff Direction

City Manager Stretch deferred this item to Finance Director Beauchaine and asked her to go over the original points related to the Wastewater Rate Study when staff first solicited proposals. He commented if it is the desire of the City Council to broaden the study; the scope of services with Bartle Wells Associates will probably need to be expanded.

Finance Director Beauchaine continued with review of the original RFP and said the scope of services included the design of consumption based rate models with the rate structures to be revenue neutral. She emphasized that it was not the City's intent to change the rates but to reallocate them to customers in a more equitable way based on water consumption with the main focus to create a rate schedule that minimizes the impact on low volume users by proportionately allocating the rates among the customer classes based on their estimated demand characteristics.

City Manager Stretch commented that the consultant from Bartle Wells Associates attended a Council meeting to explain and answer questions about the Wastewater Rate Study and proposed rate structure. He said the purpose of this meeting is to determine if the focus of the study should be changed or if it should keep in line with its' original intent.

Mayor Thompson asked for public comment; there were no comments from the public.

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Councilmember Wilson asked about the correlation between low income users and low volume users. Finance Director Beauchaine explained that often times low income customers are also low volume users.

Councilmember Woodall commented that she would be satisfied to keep with the same rate schedule.

Councilmember Johnson stated that it seems that the approach staff is recommending is a good approach.

Councilmember Wilson said he is comfortable with the recommendations in the Wastewater Rate Study now that Bartle Wells Associates has addressed the issues.

Mayor Thompson commented that he thinks there is a good basis with the proposed rate structure but expressed concern that there will be approximately 400 users that will see a monthly increase of approximately \$20.00. He noted that the number of rate payers that use less than five units of water per month is over 400 and that rate payers using more than six units per month will see a substantial increase in their sewer bills. He said he would like to look at a way to make sure there are no severe impacts on any rate payer, suggesting perhaps a different calculation in rates for families.

Finance Director Beauchaine said one option would be to implement a tiered rate model where the rate will be less expensive at the bottom for low volume users and get progressively higher as consumption increases. She said with this method, more of the costs would be shifted to the high volume users. However, developing this type of rate structure will require going back to Bartle Wells Associates and expanding the scope of services.

Mayor Thompson asked about the possibility of basing the rates on the number of people in the household; Finance Director Beauchaine commented that verification would be a problem.

Councilmember Woodall stated that in the past the City was told that special preference or discounted rates could not be given to seniors so can't see how it can be done now.

Finance Director Beauchaine explained the idea of a tiered rate structure is to perhaps charge customers using 1-5 units the lowest rate per unit; the next tier of 6-10 units a little higher rate per unit; and each tier thereafter progressively more.

Mayor Thompson noted that according to his figures, one-third of the rate payers will realize an increase in their monthly bill and he doesn't believe that was the intended goal.

Finance Director Beauchaine reported that 24 months of customer data was provided to Bartle Wells and the bill impacts revealed in the study showed that 34% of the rate payers would see an increase and 66% a decrease.

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Councilmember Wilson noted that the information he has shown that 41% of the rate payers' bills will be increased and 59% decreased.

City Manager Stretch explained Option 1 is predicated on a fixed monthly charge of \$51.15 representing 70% of the rate payers; with the other 30% based on volume. What Councilmember Wilson was looking at is Option 2 with a 50% fixed charge and 50% volume charge.

Councilmember Wilson pointed out that customers in the middle range of the scale won't have as big of an impact as the low or high use customers and said that currently the very low volume customers are paying the same sewer rate as the very high volume users. He said customers using an average of 5 units of water per month won't see a significant impact in their bill and that providing 24 months of data rather than 12 months helped to make the Rate Study more accurate.

Councilmember Johnson commented that it seems that the figures in the study don't match with what the Mayor has computed and asked staff if those customers using 2 units of water will see a decrease. Finance Director Beauchaine explained that anyone using 5 or less units per month will see a decrease under Option 1.

Councilmember Woodall asked if the idea is to make sure the new rate structure is revenue neutral, how the change in demographics will be addressed. Finance Director Beauchaine said if there is a major change in demographics, a new rate study will need to be done.

Councilmember Wilson asked staff if any of the other communities surveyed have a rate structure based on the number of people in the household. Finance Director Beauchaine stated they do not.

City Manager Stretch then summarized the comments made by the Council and said it seems there are still some technical questions that have not been answered regarding the proposed rate structure. He asked for a consensus of the Council as to whether Bartle Wells Associates should be invited back to answer final questions, or if the Council is comfortable with moving forward with the proposal.

Councilmember Wilson asked if the decision is to move forward and the Council still has questions such as to how the structure will be implemented, can those decisions be made through the public hearing process. City Manager Stretch indicated that all of those billing issues can be addressed at that time however the consultant will need to be present to answer any technical questions.

Finance Director Beauchaine said that although most of the remaining questions have to do with policy issues, her recommendation is to have Bartle Wells present since they have a tremendous amount of background and will be able to provide helpful information.

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City Manager Stretch announced he will invite a consultant from Bartle Wells Associates to come back during a regularly scheduled council meeting. Council concurred.

The special meeting portion of the agenda ended at 6:30 p.m. and the Council continued on to regular meeting matters.

**CEREMONIAL MATTERS**

Presentation of Project of the Year Award on the Wastewater Treatment Plant Upgrade and Disposal Project

This item was continued to the next regular meeting with a power point presentation.

Wastewater Superintendent Chicora announced the City was notified that a second award was received on the same project by the American Society of Civil Engineers and that an awards banquet was scheduled for September 19<sup>th</sup> for presentation of that award.

It was suggested that presentation of the Project of the Year Award be postponed until after September 19<sup>th</sup> so that both awards can be presented at the same time. Council concurred.

**PUBLIC PRESENTATIONS**

Nick Angeloff provided the Council with a brief update on the east-west rail project and said there was no meeting last month but will be one this month. He also reported that the Chamber of Commerce was not awarded the grant through the Humboldt Area Foundation for the business incubator; although it could still be considered without going through the grant application process again provided they jump through some hoops. He said in regard to "Save the Scotia Gym" efforts, they set up booths at the Humboldt County Fair and the Beer Festival and did fairly well with regard to donations and that they had received some pretty substantial donations in the mail.

Carol Theuriet, 553 Pacific Ave. asked the Council if they were aware of the pot garden with plants two feet above the fence located directly across the street from the Chamber office on Wildwood Ave.

Michael Chase, Edwards Dr. presented the Council with more pictures of the river bar and said he was at Ace Hardware and noticed they are selling river rock at \$.30/lb. He said he had observed a contractor's truck removing rock from the river bar which is illegal to do without a permit from California Department of Fish & Game.

Pastor Daley from the Liberty Tabernacle Church passed out flyers to the Council and said he just wanted to keep everyone informed of the upcoming revival they will be having at Fireman's Park. He expressed his appreciation to the City for being allowed to hold these type of events.

## CONSENT CALENDAR

Motion was made by Wilson/Woodall to approve the consent calendar including the approval of minutes of the August 20, 2013 regular meeting; and approval of Pay Request No. 18 to Wahlund Construction/Sequoia Specialties in the amount of \$53,366.83 for work related to the Wastewater Treatment Plant Upgrade and Disposal Project. Motion carried 4-0.

## SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

### Approve Change Order No. 7 for the Wastewater Treatment Plant Upgrade and Disposal Project Contingent Upon Approval of the City's Lease Application by the State of California Lands Commission

Finance Director Beauchaine provided a staff report and said Wahlund Construction prepared a change order proposing a project modification to change the alignment and methodology of the sewer transmission pipeline where it crosses the Eel River so that it crosses underneath the river using horizontal directional drilling rather than crossing the river within the existing Caltrans Bridge as previously discussed. She said the change order represents a \$13,000 increase in project costs from the original pipeline design however; there will be no charge to the City by Wahlund Construction as agreed.

Finance Director Beauchaine said approval of the change order is contingent upon the approval of the City's application to the State Lands Commission which is scheduled for approval later in the month and the State Water Resources Control Board (SWRCB). She stated that Brett Rinehart, Engineer/Project Manager was present to answer any questions the Council may have.

Councilmember Johnson began by stating that the \$1.5 million in the bid may or not represents actual cost; noting that there have been a lot of design changes since the project began including several change orders. He asked what the other bid amounts were for the original Bid Item No. 4.

Finance Director Beauchaine reviewed the history of the project with regard to the original bid and said from the beginning, the preferred method for crossing the Eel River with the sewer transmission pipeline was to use horizontal directional drilling techniques. That method was eliminated from the original scope because there was not enough time to secure the required permits and keep within the project timeline. Wahlund Construction and the City agreed to change the alignment of the original pipeline design provided there was no additional cost to the City. She then referred to the cost breakdown for the revised alignment submitted by Wahlund Construction and said it was carefully reviewed to make sure there was not a significant savings that the City would not recognize.

Brett Rinehart addressed the Council and said the main reason this is the preferred method is because there is much less risk running the pipeline underneath the river as opposed to building a bridge crossing which is really the driving force behind the project modification. He explained



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the bid item includes everything necessary to connect to the existing wastewater treatment plant. He pointed out that included in the bid is \$40,000 for geotechnical work performed by SHN Engineering and \$60,000 for environmental reports. He said although he does not have the figures with him, the original spreadsheets will show the bid amounts for the individual contractors.

Councilmember Johnson asked Mr. Rinehart what the bid amount would be for Bid Item No. 4 if the contractor were to bid it from scratch.

Mr. Rinehart said the bid amount would be very similar; noting that it took 4 companies and approximately 8 people to put this bid together.

Councilmember Johnson commented that it costs thousands of dollars per day to have all of the experts on site when working in a confined space and said one of the estimators at Wahlund Construction told him that the City could potentially save a million dollars by using the directional horizontal drilling method and said he would like to see the difference between the original bid and the revised bid.

Mr. Rinehart noted that there is not a million dollars to save and asked who the person was that made that statement.

Councilmember Johnson said the point is that one approach is extremely difficult and anytime you are working in a confined space; there are Cal-Osha concerns as opposed to the other approach which presents very little risk with the likelihood of someone being seriously injured or killed is very slim.

Mayor Thompson called for public comment on the proposed change order; there being none, he asked for further Council comment.

Councilmember Wilson said when proposed change was originally brought to the City Council, it was mentioned that there would be a significant cost savings to the City by using horizontal directional drilling techniques rather than running the pipeline through the existing bridge. Also, one of the big concerns was that if there was a problem with the pipeline in the future, workers would have to go into the bridge and work in a confined space which is dangerous. He said at the end of the day, the project modification is not costing the City any more money so suggested the change order be approved so the project can be completed.

Councilmember Woodall asked for further clarification on the comments made by Councilmember Johnson.

Councilmember Johnson explained that the point he was trying to make is that he has seen a lot of change orders on projects like this and contractors are always looking for ways to save costs.

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In reality if the City looks more closely to the revised bid, there may be a cost savings for the City.

Finance Director Beauchaine said any way you look at it; \$1.5 million is still \$1.5 million and either the pipeline will go through the bridge for \$1.5 million or underneath the river for \$1.5 million. She said if it is the direction of the Council, staff could go back and re-evaluate the costs but bottom line is that the project needs to get done within the specified timeline or the City will be facing compliance issues and be in violation of several agreements and potential fines. Also going through the bridge will require additional construction management and engineering costs.

Councilmember Johnson stated one option would be to approve the change order without an amount and have Wahlund Construction come back with an estimate of what it would cost to go through the bridge as a comparison.

Mayor Thompson said the question is whether we want to go through the bridge for \$1.5 million or underneath the river for \$1.5 million. He said personally he thinks going through the bridge is not a viable option no matter what the other estimate is.

Councilmember Woodall asked if it is possible to proceed with the work as planned without a change order.

Councilmember Johnson reiterated that he would like to see an updated cost for going through the bridge to see what, if any potential savings there are by going underneath the river. He commented that if the contractor is paid more than what he should be paid, how that is protecting our citizens.

Finance Director Beauchaine pointed out that the contractor has assumed all the risk and agreed to complete the project for \$1.5 million. If he proceeds with running the pipeline through the bridge, there will be much greater risk and could be numerous change orders.

Councilmember Johnson said when the contractor proposed to change the pipeline alignment back in May he thought it was a good idea and the Council was led to believe it would save \$1 million; however, that's not the case.

Finance Director Beauchaine said the contractor has done the work and taken all the risks and recommended the change order be approved as submitted.

Billie Long asked for clarification that if the project is bid at \$1.5 million and in theory it costs \$1.93 million, the City pays the contractor the \$1.5 million with the exception that they can submit change orders that the City will be required to pay.

Finance Director Beauchaine responded that if in fact the decision is to go through the bridge, there could be several change orders; but if the decision is to go underneath the river as proposed, there will be no additional cost to the City.

Councilmember Johnson questioned the \$14,000 in the original bid for construction administration and said usually that cost is included in the overhead & profit.

Mr. Rinehart explained that construction administration includes people out in the field whereas overhead covers office staff. He noted that it is just a different way of breaking the cost down with the same end result.

Michael Chase asked if the Council is talking about 2 potential methods for crossing the river with the transmission pipeline and commented that it would be more hazardous going through the bridge and because of this area's potential for floods and earthquakes, it is a much better idea to go under the river.

Councilmember Johnson clarified that he was in favor of going under the river however he would still like to see an actual bid for going through the bridge as he believes it would be significantly more costly and the City is not recognizing any of those savings.

Motion was made by Wilson/Woodall to approve Change Order No. 7 for the Wastewater Treatment Plant Upgrade and Disposal Project contingent upon approval of the City's Lease application by the State Water Resources Control Board and State Lands Commission. Motion carried 3-1; Councilmember Johnson casted the dissenting vote.

## **ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS**

### Introduce and Conduct First Reading (by title only) of Ordinance No. 305-2013 Amending the Parking Regulations, Chapter 17.30.180 of the Rio Dell Municipal Code

Community Development Director Caldwell provided a staff report and said Ordinance 305-2013, a proposed text amendment to the Parking Regulations; Chapter 17.30.180 of the Rio Dell Municipal Code (RDMC) includes three (3) text amendments to: 1) prohibit the storage of trailers on public streets and right-of-ways; 2) identify specific parking requirements for Low to Moderate Income (LM) Senior Housing Projects; and 3) eliminate the need for a Conditional Use Permit (CUP) for exceptions to the location and required number of parking spaces. He explained that the second amendment relates to the proposed DANCO project for 26 senior cottages. He said staff originally recommended 1.5 parking spaces per unit but after talking it over with DANCO he agreed it would be more realistic to require .75 parking spaces per unit. The reason being is that many seniors are either limited to one (1) vehicle or don't drive at all.

He said exceptions to the location requirement for parking facilities for commercial users or the number of off-street parking spaces normally requires planning commission approval. His recommendation is that exceptions may be approved by the Community Development Director

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in consultation with the Director of Public Works with the ability of the applicant to appeal if they are not happy with the decision.

Councilmember Johnson asked if staff researched the parking requirements for senior housing projects of other cities such as Fortuna.

Community Development Director Caldwell said he looked at the City of Arcata's regulations which are where these numbers came from and commented that the City of Arcata encourages public transportation as much as possible.

A public hearing was opened at 7:20 p.m. to receive public input on the proposed text amendment.

Sharon Wolff, 3 Painter St. commented that the City Council packet was not available on the City's website for public review.

Community Development Director Caldwell commented that the City was experiencing problems with the server and staff was unable to upload the Council packet for this meeting however; the agenda packet was available for review at City Hall and the agenda was posted to satisfy the posting requirements.

Mayor Thompson referred to the 72 hour parking restriction for R.V.'s and trailers and asked if there is a way to eliminate the 72 hours or perhaps reduce that to 2 hours. He said he doesn't think the City wants trailers or R.V.'s parked on Wildwood Ave. for an entire weekend.

Community Development Director Caldwell noted the 72 hours applies to all streets in the City. Councilmember Wilson pointed out that if you have company with an R.V they can only stay for 2 hours. Mayor Thompson said that the 2 hours should apply to Wildwood Ave.

Carol Theuriet stated there are homes on Wildwood Ave. and a 2 hour limitation will limit their accessibility to even load or unload their trailer.

Mayor Thompson said he still thinks a 2 hour limit for Wildwood Ave. is reasonable.

City Manager Stretch pointed out that the 72 hour parking restriction is part of the ordinance that was taken to the Planning Commission; their recommendation for approval was based on the draft that was presented to them.

Community Development Director Caldwell suggested the matter be referred back to the Planning Commission for further review.

Councilmember Wilson referred to Item (d) *Recreational Vehicle/Trailer Parking* under the new proposed language and said the 72 hours would not apply to Wildwood Ave. since the language

refers to all “residential” zones.

Councilmember Johnson asked if the proposed language conflicts with the California Vehicle Code and said he would like the ordinance to address all areas of the City; not just residential.

Councilmember Woodall stated she was comfortable with the 72 hour provision.

Motion was made by Johnson/Wilson to refer the matter back to the Planning Commission for their review and recommendation along with the revised parking requirements for senior housing projects. Motion carried 3-1; Councilmember Woodall casted the dissenting vote.

Introduce and Conduct First Reading (by title only) of Ordinance No. 306-2013 Amending the Fence Regulations, Chapter 17.30.090 of the Rio Dell Municipal Code and Continue Consideration, Approval and Adoption to the September 17, 2013 Regular Meeting

Community Development Director Caldwell provided a staff report and said this involves another minor text amendment. He explained the current fence regulations limit the height of fences on the exterior sides of corner lots to four (4) feet which do not provide privacy or security to the back yard of a residence. He said based on the number of inquiries staff has had regarding this provision, staff is recommending an amendment to the existing fence regulations to allow fences up to six (6) feet in height on exterior side yards outside the required visibility triangle. He noted that the proposed text amendment was presented to the Planning Commission and the Commission unanimously approved the proposed text amendment and recommend approval by the City Council.

A public hearing was opened at 7:30 p.m. to receive public comment on the proposed text amendment.

Reverend Daley from the Liberty Tabernacle church asked for clarification on the proposed amendment and said he lives on a corner lot and is in the process of building a new fence and wants to make sure his fence height of 42 inches is in compliance with the proposed amendment. Community Development Director Caldwell said the proposed text amendment will increase the height of a fence on the exterior side yard outside the visibility triangle from four (4) feet to six (6) feet.

Motion was made by Woodall/Johnson to introduce Ordinance No. 306-2013 amending the Fence Regulations, Section 17.30.090 of the Rio Dell Municipal Code, and to continue consideration, and adoption of the proposed Ordinance to the meeting of September 17, 2013. Motion carried 4-0.

Introduce and Conduct First Reading (by title only) of Ordinance No. 307-2013 Amending Ordinance No. 286-2012, Chapter 13.10.130 of the Rio Dell Municipal Code, Fees for New Sewer Connections

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Finance Director Beauchaine provided a staff report and said Bartle Wells Associates was engaged by the City to develop a new wastewater rate structure and to update the City's wastewater capacity fee. The proposed amendment increases the sewer connection fee from \$950 to \$5,220 but does not address the wastewater rate structure at this time.

Councilmember Johnson commented that with adoption of the ordinance, the sewer connection fee for a new 4-plex will be \$20,880.

City Manager Stretch said he wanted to make it clear that the increased connection fee will not affect existing customers and is related to only new development.

A public hearing was opened at 7:36 p.m. to receive public comment on the proposed ordinance. There being no public comment, the public hearing closed.

Motion was made by Johnson/Woodall to introduce and conduct the first reading (by title only) of Ordinance No. 307-2013 amending Ordinance No. 286-2012, Chapter 1310.130 of the Rio Dell Municipal Code, Fees for New Sewer Service Connections. Motion carried 4-0.

#### **REPORTS/STAFF COMMUNICATIONS**

City Manager Stretch reported on recent activities and events and stated that he completed the Annual Recycling Report today which took approximately 8 hours and submitted it to Cal-Recycle for their approval.

Chief of Police Hill stated that he had nothing to report except that he had prepared a survey which will be going out to residents regarding river bar access.

Finance Director Beauchaine reported on recent activities in the finance department and said the accounting consultant was here and they were very busy and moving along as planned with the year-end close out.

Community Development Director Caldwell reported on recent activities in the planning department and said he received the application for the Dollar General and that there were a couple of minor issues with the plans that he is addressing; Planning Commission will be having a study session on September 11<sup>th</sup> to continue discussion of the Zoning Use Matrix; said he sent out an email regarding energy consumption indicating there has been a 45% increase in electrical usage since 2005. He said the City might want to consider implementing a utility user tax similar to what the City of Arcata has done and said Karen Deamer from the Arcata Planning Department has offered to come down and do a presentation on the subject.

Council concurred and Mayor Thompson suggested the possibility of a cooperative effort with the County and other local cities to share the expense of PG&E programming and implementation.

City Manager Stretch commented that he has discussed this matter with other City Managers and the estimated cost to write the program for the City of Arcata was \$600,000. He said if this comes to fruition, he would be interested to see how much less it would be for other jurisdictions to implement the same type of utility user tax.

#### **COUNCIL REPORTS/COMMUNICATIONS**

Councilmember Johnson asked if all contracts are on schedule and within budget. City Manager Stretch said they are.

Councilmember Wilson asked Michael Chase about one of the pictures he presented to the Council of the river bar.

Mr. Chase said he wasn't sure, as he got it off the internet.

Discussion continued regarding requirements for removing rocks from the river bar. Mr. Chase commented that a permit must be obtained from the Department of Fish & Game. He said he observed a landscape company with a trailer coming off of the river bar twice now with loads of river rock and said if access to the river bar was closed, there wouldn't be a problem.

Community Development Director Caldwell noted that the river bar is in public trust and you cannot deny public access.

Mr. Chase said that you are only obligated to allow access for foot traffic which restricts even boats.

Community Development Director Caldwell added that the State Parks allows river access including boats.

#### **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 7:46 p.m. to the September 17, 2013 regular meeting.

Attest:

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Jack Thompson, Mayor

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Karen Dunham, City Clerk

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*675 Wildwood Avenue  
Rio Dell, CA 95562*



TO: Mayor and Members of the City Council

THROUGH: Jim Stretch, City Manager

FROM: Stephanie Beauchaine, Finance Director

DATE: September 17, 2013

SUBJECT: WWTP Project Construction Management Contract extension

#### **RECOMMENDATION**

Authorize the City Manager to execute a contract amendment extending construction management services through October 31, 2013.

#### **BUDGETARY IMPACT**

Construction Management and Inspection totals \$18,000 per month.

#### **BACKGROUND AND DISCUSSION**

At the September 3<sup>rd</sup> meeting the City Council voted to approve WWTP Project Change Order No. 7 re-routing the wastewater effluent pipeline under the Eel River as opposed to crossing through the northbound Caltrans bridge.

Construction of the pipeline is expected to commence October 1<sup>st</sup>, and is scheduled to be completed October 31<sup>st</sup>. At this time, the Construction Management and Inspection contract with Kurt Hirtzer Inspection Services expires September 31<sup>st</sup>.


Staff recommend that the City execute a contract amendment extending construction management and inspection services through the month of October. The terms and conditions will remain unchanged.



*Rio Dell City hall  
675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
riodellcity.com*



September 17, 2013

TO: Honorable Mayor and City Council  
FROM:  Jim Stretch, City Manager  
SUBJECT: Receipt of Draft 2013 Hazard Mitigation Plan

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive and file this report

BACKGROUND AND DISCUSSION

For several months the City Manager has been working on updating the City's 2008 Hazard Mitigation Plan (HMP). The plans must be updated every 5 years. Keeping the Plan current is important because an agency only qualifies for State and Federal emergency/disaster assistance if it has a valid in effect. And, in the case of a State declared disaster, only jurisdictions with approved plans qualify for the State forgiveness of their 25% local share of cost.

There is another compelling reason to prepare a detailed Hazard Mitigation Plan, and that is to be able to compete for Pre-Disaster Mitigation program (PDM) monies when there is a declared emergency/disaster by the Federal government somewhere in the State. Under Federal law, 15% of the total Federal dollars allocated for a disaster must be allocated for PDM, which means that any agency in California can compete for FEMA monies to mitigate a hazard they identified in their plan.

For example, we have added to the City's HMP the stabilization of the hillside along Blue Slide Road and the replacement of the buckling road. The reason that FEMA would want to fund this mitigation with PDM monies is because when there is a high water event or an earthquake happens in the Eel River Valley west of the Eel River, in particular Ferndale, Blue Slide Road is the way in and out. If Fernbridge is flooded and Blue Slide Road is closed by a slide, then the route becomes Bear River Ridge to Monument Road for exit and access, and that's a long way with its own challenges.

The draft Plan for Rio Dell has been submitted for review, and when that process is completed, the plan will be returned to the City Council for adoption by Resolution.

## CHAPTER X. CITY OF RIO DELL ANNEX

### X.1 HAZARD MITIGATION PLAN POINT OF CONTACT

#### Primary Point of Contact

City Manager  
City of Rio Dell  
675 Wildwood Ave,  
Rio Dell, CA 95562  
Telephone: (707) 764-3532  
e-mail Address: cm@riodellcity.com

#### Alternate Point of Contact

Community Development Director  
City of Rio Dell  
675 Wildwood Ave,  
Rio Dell, CA 95562  
Telephone: (707) 764-3532  
e-mail Address: kcaldwell@riodellcity.com

### X.2 JURISDICTION PROFILE

The following is a summary of key information about the jurisdiction and its history:

- **Date of Incorporation**— February 1965. Rio Dell was incorporated as a General Law city. The City was not granted a separate charter, but operates under the general laws of the State of California.
- **Current Population**— 3,363 as of January 1, 2013.
- **Population Growth**— Based on data available from the State of California Department of Finance, the population of Rio Dell grew by 5.9 percent between 2000 and 2013. Population growth was 0.4 percent from 2012 to 2013.
- **Location and Description**— The City of Rio Dell is located in Humboldt County, California, approximately 25 miles south of Eureka, along Highway 101 within the Eel River Valley. The city is approximately 2.4 square miles and is nestled within the redwood forests of Northern California.
- **Brief History**— In the 1870's Lorenzo Painter settled in what is now known as Rio Dell. He started a friendly farming community, which he named Eagle Prairie. Over the years three separate small community areas evolved that was popularly named Wildwood (which is now downtown Rio Dell, Belleview (now a major area and avenue northwest of the center of town) and Eagle Prairie (now the Pacific Avenue area west of the center of town). The City was incorporated in 1965 and the three areas combined into the single City of Rio Dell.

The City, like most of the region, was intertwined with the timber industry. Tough economic times fell upon the area when in the 1970s a highway bypass was built around the City. In recent years the City has been pursuing strategies to revitalize the economy and the community. Rio Dell has also recently completed updates to several elements of the general plan.

- **Climate**— Rio Dell enjoys a mild climate with average summertime temperatures of 67 degrees. During winter months temperatures tend to be in the 40s. Annual average precipitation is about 48 inches. The wettest month of the year is typically January, with an average rainfall of 8.45 inches. There tends to be less precipitation during the summer months.
- **Governing Body Format**— Rio Dell has a City Council/City Manager form of government. The City Council sets policy while the City Manager carries out the day-to-day business of

the City. The Mayor is selected by the City Council and serves as the presiding officer at city council meetings and as the official head of the City for legislative and ceremonial purposes.

- **Development Trends**— In recent year the City of Rio Dell has invested in efforts toward revitalization. One such project involved substantial new development in the historic downtown area. Approximately 96 new, single-family construction permits were applied for between 2000 and 2011. Additionally, the City has taken on several infrastructure improvement projects including significant upgrades to the water and wastewater utilities and street re-paving and landscaping.

Pursuant with California state law, the City of Rio Dell engages in long-range planning. Several updates to elements of the general plan have been made in recent years. The Conservation, Conservation and Circulation elements were updated in 2013, the Land Use element in 2008 and the Housing element in 2011. The Noise element was last updated in 2001 and the Safety Element was adopted in 1975.

### **X.3 COMMUNITY ENERGY PROFILE**

This energy profile provides a basic understanding of the sources of energy supplies and how they are consumed in the Rio Dell community as well as for specific city-owned facilities. This basic information is the starting point for guiding policies and actions the city can take to protect its key assets from extended energy disruptions.

The City of Rio Dell's energy comes from a variety of sources. Electricity and natural gas provided by the Pacific Gas & Electric Company (PG&E) are the primary energy sources, supplemented by propane, wood, solar, and liquid fuels.

The following discussion breaks down energy usage by type and by residential and non-residential sectors. The non-residential sector includes primarily industrial usages.

The data presented have been provided by PG&E and are for the calendar year 2012 and typically compare consumption during that year to the prior year (2011) as a year-over-year change. A second comparison is to PG&E's base line year, 2005. In this way, one can see both a long term (2005-2008) trend and a short term (2011) change in consumption.

Overall consumption of energy in 2012 (as measured in millions of BTUs, MBtu) was 121,544 MBtu. This figure represents an overall 22.5% increase in consumption since 2005 and a year-over-year decrease from 2011 to 2012 of 1.7%. Natural gas comprised 58% of the total Btu consumed whereas electricity was 42% during 2012.

#### ***Electricity:***

Rio Dell consumed 16,165,021 kWh of electricity in 2012 as compared to 11,137,153 kWh in 2005. This amounts to a 45.1% increase over that time span. The year-over-year change was an increase of 0.1%.

**Non-Residential Sector:** Sixty-five percent of electrical consumption was derived from the non-residential sector in 2012. There were six segments that comprised about 80% of this consumption: retail, hospitality, water & wastewater treatment, schools, offices, and manufacturing & transportation.

**Residential Sector:** Thirty-eight percent of electrical consumption was from the residential sector. The average electrical use per single-family and multi-family residential customer was 644 and 296 kWh per month respectively. Electrical usage has gone up by 56.7% since 2005.

**Natural gas:**

Rio Dell consumed 663,892 therms of natural gas in 2012 as compared to 612,531 therms in 2005, an 8.4% increase. Between 2011 and 2012, there was a 3.2% decrease in consumption.

Non Residential Sector: Thirty-five percent of non-residential energy consumption was derived from natural gas during 2012. There were six segments that comprised almost 80% of non-residential consumption led by retail, hospitality, water & wastewater treatment, schools, offices, and manufacturing & transportation. Natural gas usage has decreased by 7.4% since 2005.

Residential Sector: Sixty-two percent of residential energy consumption was derived from natural gas during 2012. The average natural gas use per single-family and multi-family residential customer was 39 and 30 therms per month respectively. Natural gas usage has increased by 8.5% since 2005.

**Wood & Propane:**

Rio Dell consumes wood and propane in the residential sector, primarily for heating and cooking. On average, there are approximately 240 households using a total of approximately 600 cords of wood per year. About ½ of that number of households use propane gas for an average total of 109,000 gallons per year.

**Solar:**

As of 2012, there were 2 kW of solar electricity being generated from 1 residential site that is connected to the PG&E grid. The City of Rio Dell is planning for a major remodel of the existing City Hall, which will likely include a PV solar system generating 40.0 kw for City Hall.

**X.3.1 Local Energy Supply**

Energy is provided as follows:

- Electricity: Rio Dell acquires its electricity from PG&E
- Natural Gas: Rio Dell acquires its natural gas from PG&E
- Propane: Propane for city operations is obtained from Sequoia Gas
- Liquid Fuel: Renner Petroleum (gas/diesel); Shell Oil (gas/diesel); Moore Fuel (gas/diesel);

Other sources in the immediate area: Humboldt Redwood- Scotia; Logging contractors with fuel supplies-diesel; Truckers with fuel supplies-diesel.

**X.3.2 Local Energy Consumption/Demand**

Although City-owned facilities and special districts consume on average less than 1-2% of total community energy usage, it is important to recognize that government services are essential to the health and safety of the community on a day-to-day basis as well as during times of emergency and/or extended energy disruption. Therefore ensuring a constant supply of energy for response and recovery operations is crucial.

**X.3.3 Agreements and Contracts**

The City of Rio Dell is in the process of developing an agreement with the owner of the Shell Oil Service Station on Wildwood Ave, Rio Dell, Ca. for first priority use of fuel at the business in the event of a power outage or natural disaster. This priority extends to the Rio Dell City Police Department, Public Works Department for vehicles and diesel generators to power the City's water and wastewater facilities, and to the Rio Dell Volunteer Fire District.

### **X.3.4 Community Key Assets Energy Profile**

The City of Rio Dell has identified the following key assets:

#### **Public**

- City Corporation Yard, 475 Hilltop Drive
- Water Infiltration Gallery, Edwards Drive
- Dinsmore Water pumps: end of Douglas Street
- City Police Dept./City Hall, 675 Wildwood Ave.
- Lift Station #2, Painter and Riverside Drive
- Lift Station #1, Fern and Eeloa
- Wastewater Irrigation Field, Metropolitan Rd. S/O Hwy 101
- Davis Street Park, Davis Street
- Memorial Park, Wildwood Ave and Elko Street
- Triangle Park, Wildwood Ave and Side Street
- Sewage treatment Plant, 475 Hilltop Drive
- Sludge Dryer, 475 Hilltop Drive
- Painter Street Water Tank, Painter Street
- Douglas Street Water Tank, Douglas Street
- Dinsmore Water Tank, Dinsmore Plateau
- Rio Dell Volunteer Fire Department District/command center
- Rio Dell School District/gymnasium shelter
- Recycle bins/City Hall
- US Post Office, Wildwood Ave

#### **Private**

- CC Market, Eeloa Ave
- E&J Liquor Store/Subway Sandwich Shop/food, Wildwood Ave
- Shell Gas station/food, Wildwood Ave
- PG&E substation and corporation yard (Eeloa Ave).
- Eel River Disposal-Fortuna
- True Value Hardware-Scotia
- Eel Valley Rural Health Clinic, Wildwood Ave
- Scotia Pharmacy/Scotia south across Eel River
- Moore Fuel-across Eel River on US-101
- Renner Fuel/Scotia south across Eel River
- Hoby's Market/Scotia south across Eel River
- Community of Scotia-water/south across Eel River

- Dollar General-food and general merchandise (under development), Wildwood Ave
- Cell phone towers, Dinsmore Plateau
- ATT land line

### **X.3.5 Key Asset Energy Consumption and Backup Generator Analysis**

Information on the energy requirements of the identified key assets is needed in order to ensure that any existing or new back-up generation is capable of meeting the required electrical load and that fuel storage for the backup generators is adequate to sustain operations of key assets for a minimum of 72 hours in the event of an energy disruption. Table X-1 shows key asset energy consumption and results of a generator/fuel backup analysis.

## **X.4 JURISDICTION-SPECIFIC NATURAL HAZARD EVENT HISTORY**

Table X-2 lists all past occurrences of natural hazards within the jurisdiction. Repetitive loss records are as follows:

- Number of FEMA Identified Repetitive Flood Loss Properties: [Insert #]
- Number of FEMA Identified Severe Repetitive Loss Properties [Insert #]
- Number of Repetitive Flood Loss/Severe Repetitive Loss Properties that have been mitigated: [Insert #]

## **X.5 HAZARD RISK RANKING**

Table X-3 presents the ranking of the hazards of concern.

## **X.6 CAPABILITY ASSESSMENT**

The assessment of the jurisdiction's legal and regulatory capabilities is presented in Table X-4. The assessment of the jurisdiction's administrative and technical capabilities is presented in Table X-5. The assessment of the jurisdiction's fiscal capabilities is presented in Table X-6. Information on the community's National Flood Insurance Program (NFIP) compliance is presented in Table X-7. Energy Resiliency Capabilities are presented in Table X-8. Classifications under various community mitigation programs are presented in Table X-9.

## **X.7 HAZARD MITIGATION ACTION PLAN AND EVALUATION OF RECOMMENDED INITIATIVES**

Table X-10 lists the initiatives that make up the jurisdiction's hazard mitigation plan. Table X-11 identifies the priority for each initiative. Table X-12 summarizes the mitigation initiatives by hazard of concern and the six mitigation types.

## **X.8 STATUS OF PREVIOUS PLAN INITIATIVES**

Table X-13 summarizes the initiatives that were recommended in the previous version of the hazard mitigation plan and their implementation status at the time this update was prepared.

## **X.9 FUTURE NEEDS TO BETTER UNDERSTAND RISK/ VULNERABILITY**

[Insert text, if any]

## **X.10 ADDITIONAL COMMENTS**

[Insert text, if any]

**TABLE X-1.  
Community Key Assets and Energy Profile**

Essential Service	Key Asset Energy Type	Historical Key Asset Energy Consumption	Emergency Generator and Specifications	Emergency Generator Fuel and Storage	Emergency Generator (other)
<b>Key Asset #1: City Corporation Yard</b>					
Public Works	Electricity	10.6 gal/hr.	Diesel generator serves all corp. yard	500 gallons	Run time 48 hrs.
<b>Key Asset #2: Water Infiltration Gallery</b>					
—	Electricity	8636 kwh 29kw demand	Diesel generator	—	—
<b>Key Asset #3: Dinsmore Water Pumps</b>					
Drinking Water	Electricity	1782 Kwh 11 kW demand	—	—	—
<b>Key Asset #4: City Police Department/City Hall</b>					
Emergency Services/City Management	Electricity	3704 kWh 14 kW demand	—	—	—
<b>Key Asset #5: Water Plant</b>					
Drinking Water	Electricity	63441 kwh 172 kw demand	Diesel generator serves all corp. yard	—	—
<b>Key Asset #6: Wastewater Sludge Dryer</b>					
Wastewater Treatment	Natural gas	1,139,404 BTU/hr.	Diesel generator serves all corp. yard	—	Runs 24 hrs./wk
<b>Key Asset #7: Lift Station #2</b>					
—	Electricity	598 kWh 7 kW	—	—	—
<b>Key Asset #8: Lift Station #1</b>					
—	Electricity	1077 kWh 9 kW	—	—	—
<b>Key Asset #9: Metropolitan Rd. S/O Hwy 101</b>					
—	Electricity	108 kWh	—	—	—
<b>Key Asset #10: City Park, Davis Street</b>					
—	Electricity	303 kWh	—	—	—
<b>Key Asset #10: Sewage treatment Plant, Hilltop Drive</b>					
Wastewater Treatment	Electricity	35,275 kWh 107 kW demand	Diesel generator serves all corp.	—	—
<b>Key Asset #10: Water pumping station, Dinsmore</b>					
Drinking Water	Electricity	56 kWh	—	—	—



**TABLE X-2.  
NATURAL HAZARD EVENTS**

Type of Event	FEMA Disaster # (if applicable)	Date	Preliminary Damage Assessment
Earthquake	N/A	11/8/1980	Not Available
Severe Weather / Flood	N/A	1/18/1981	Not Available
Severe Weather / Flood	N/A	12/19/1981	Not Available
Severe Weather / Flood	N/A	3/31/1982	Not Available
Severe Weather / Flood	DR-677	01/25/1983	\$3.82 Countywide
Severe Weather / Flood	N/A	12/25/1983	Not Available
Severe Weather / Flood	DR-758	02/21/1986	\$5 Million Countywide
Earthquake	DR-943	04/04/1992	\$10 million
Severe Weather / Flood	N/A	12/31/1992	Not Available
Severe Weather / Flood	N/A	1/20/1993	Not Available
Earthquake	N/A	12/26/1994	Not Available
Severe Weather / Flood	DR-1044	01/09/1995	\$15 million Countywide
Severe Weather / Flood	DR-1046	03/12/1995	\$1.3 Million Countywide
Severe Weather / Flood	N/A	12/11/1995	Not Available
Severe Weather / Flood	N/A	12/29/1995	Not Available
Severe Weather / Flood	N/A	12/8/1996	Not Available
Severe Weather / Flood	DR-1155	01/04/1997	\$35 Million countywide
Severe Weather / Flood	DR-1203	02/09/1998	Over \$6 million countywide
Severe Weather / Flood	N/A	11/21/1998	Not Available
Severe Weather / Flood	N/A	12/27/2002	Not Available
Severe Weather / Flood	DR-1628	12/31/2005	\$413,000 \$20,208,206 for County
Earthquake	N/A	1/9/2010	Not Available

**TABLE X-3.  
HAZARD RISK RANKING**

Rank	Hazard Type	Risk Rating Score (Probability x Impact)
1	Earthquake	54
2	Severe Storm	54
3	Flood	42
4	Drought	42
5	Landslide	21
6	Wildland Fire	18
7	Dam Failure	14
8	Volcano (Ash Fall)	5
9	Tsunami	0

**TABLE X-4.  
LEGAL AND REGULATORY CAPABILITY**

	Local Authority	State or Federal Prohibitions	Other Jurisdictional Authority	State Mandated	Comments
<b>Codes, Ordinances &amp; Requirements</b>					
Building Code	Y	N	Y	Y	Ord. #202 Adopted Jan. 1990
Zonings	Y	Y	Y	Y	Ord. #252 Adopted Nov. 2004
Subdivisions	Y	Y	Y	Y	Ord. #235 Adopted Feb. 1999
Stormwater Management	N	Y	Y	N	
Post Disaster Recovery	N	N	N	N	
Real Estate Disclosure	N	N	Y	Y	CA State Civil Code 1102 requires full disclosure on Natural Hazard Exposure of the sale/re-sale of any and all real property.
Growth Management	Y	N	N	N	
Site Plan Review	Y	N	N	N	
Public Health and Safety	Y	N	N	N	
Environmental Protection	N	N	N	N	
Energy Code	N	N	N	N	
<b>Planning Documents</b>					
General or Comprehensive Plan	Y	Y	Y	Y	Oct 2008

Floodplain or Basin Plan	N	N	Y	N	
Storm water Plan	N	Y	Y	N	
Capital Improvement Plan	Y	N	N	Y	Streets, water & wastewater facilities
Habitat Conservation Plan	N	N	N	N	
Economic Development Plan	N	N	N	Y	Adopted 2008
Shoreline Management Plan	N	Y	Y	N	
Community Wildfire Protection Plan	N	N	N	N	
General Plan Energy Conservation Element or Energy Specific Plan	Y	N	N	Y	Adopted 2013
Climate Action Plan or Climate Adaptation Strategy	N	N	N	N	
<b>Response/Recovery Planning</b>					
Comprehensive Emergency Management Plan	N	N	N	N	
Threat and Hazard Identification and Risk Assessment	N	N	N	N	
Terrorism Plan	N	N	N	N	
Post-Disaster Recovery Plan	N	N	N	N	
Continuity of Operations Plan	N	N	N	N	
Public Health Plans	N	N	N	N	

**TABLE X-5.  
ADMINISTRATIVE AND TECHNICAL CAPABILITY**

Staff/Personnel Resources	Available?	Department/Agency/Position
Planners or engineers with knowledge of land development and land management practices	Y	K. Caldwell, Community Development Director
Engineers or professionals trained in building or infrastructure construction practices	Y	Professional Consultants
Planners or engineers with an understanding of natural hazards	Y	Professional Consultants
Planners or engineers with an understanding of energy resilience or alternative energy technology	Y	Professional Consultants
Staff with training in benefit/cost analysis	Y	Professional Consultants
Surveyors	Y	Professional Consultants
Personnel skilled or trained in GIS applications	Y	K. Caldwell, Community Development Director
Scientist familiar with natural hazards in local area	Y	Professional Consultants
Emergency manager	Y	Graham Hill, Police Chief
Grant writers	Y	Professional Consultants

**TABLE X-6.  
FISCAL CAPABILITY**

Financial Resources	Accessible or Eligible to Use?
Community Development Block Grants	Y
Capital Improvements Project Funding	Y
Authority to Levy Taxes for Specific Purposes	Y
User Fees for Water, Sewer, Gas or Electric Service	Y
Incur Debt through General Obligation Bonds	Y
Incur Debt through Special Tax Bonds	Y
Incur Debt through Private Activity Bonds	Y
Withhold Public Expenditures in Hazard-Prone Areas	Y
State Sponsored Grant Programs	Y
Development Impact Fees for Homebuyers or Developers	Y
Other	Y



**TABLE X-7.  
NATIONAL FLOOD INSURANCE PROGRAM COMPLIANCE**

What department is responsible for floodplain management in your community?	Community Development Department
Who is your community's floodplain administrator (department/position)?	Karen Dunham, City Clerk
Do you have any certified floodplain managers on staff in your community?	No
What is the date of adoption of your flood damage prevention ordinance?	1999
When was the most recent community assistance visit or community assistance contact?	2009
To the best of your knowledge, does your community have any outstanding NFIP compliance violations that need to be addressed? If so, please state what they are.	No
Do your flood hazard maps adequately address the flood risk in your community? (If no, please state why)	Yes
Does your floodplain management staff need any assistance or training to support its floodplain management program? If so, what type of assistance/training is needed?	No

**TABLE X-8.  
ENERGY RESILIENCE CAPABILITIES**

Does your community have an Energy Assurance Plan coordinator? If so, who (department/position)?	Jim Stretch, City Manager
Have you performed an energy assurance gap analysis for your community?	No
Have you completed a vulnerability assessment of power sources to each key asset?	No
Do you have a contingency plan for providing energy to your community's key assets during an energy disruption?	No
Are emergency backup generators tested on a regular basis?	Yes
Are multiple persons trained in the operation and maintenance of emergency backup generators?	Yes
Have you established a working relationship with your community's energy service providers?	Yes
Have you explored alternative energy technologies (wind, solar, micro-grid, etc.) to support community energy resiliency?	Yes
Have you conducted an energy efficiency analysis of jurisdiction owned buildings?	Yes

**TABLE X-9.  
COMMUNITY CLASSIFICATIONS**

	Participating?	Classification	Date Classified
Community Rating System			
Building Code Effectiveness Grading Schedule			
Public Protection			
Storm Ready			
Firewise			
Tsunami Ready (if applicable)			

**TABLE X-10.  
HAZARD MITIGATION ACTION PLAN MATRIX**

Applies to new or existing assets	Hazards Mitigated	Objectives Met	Lead Agency	Estimated Cost	Sources of Funding	Timeline	Included in Previous Plan?
<b>Initiative #RD-1— Improve Wastewater Collection System Mains, Laterals, and Manholes.</b>							
New & Existing	Earthquake, Flood, Severe Storm	O-1, O-2	Public Works	High	General Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-2— Maintain and Upgrade Wastewater Lift Stations.</b>							
New & Existing	Earthquake, Flood, Severe Storm	O-1, O-2	Public Works	Medium	General Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-3— Painter Street to Highway 101 Drainage Ditch Repair.</b>							
New & Existing	Flood, Severe Storm	O-1, O-2, O-3	Public Works	Medium	General Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-4— Center Street to Painter Street Culvert Improvements.</b>							
New & Existing	Flood, Severe Storm	O-1, O-2, O-3	Public Works	Medium	General Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-5— City Hall Seismic Retrofit.</b>							
New & Existing	Earthquake	O-1, O-2, O-3, O-4, O-5	Public Works	High	General Fund, PDM & HMGP Grants	Long Term	Y
<b>Initiative #RD-6— Fireman's Hall Seismic Retrofit.</b>							
New & Existing	Earthquake	O-1, O-2, O-3, O-4, O-5	Public Works	High	General Fund, PDM & HMGP Grants	Long Term	Y
<b>Initiative #RD-7— City Standby Power Generation Capabilities.</b>							
New & Existing	All Hazards	O-1, O-2, O-4	Public Works	High	General Fund	Long Term	Y

<b>Initiative #RD-8—</b> Fire Sprinkler Installation at City Hall and Fireman's Hall.							
New & Existing	Earthquake, Wildland Fire	O-1, O-2, O-3, O-4, O-5	Public Works	Medium	General Fund, PDM & HMGP Grants	Long Term	Y
<b>Initiative #RD-9—</b> Construct Retaining Wall on Road to Dinsmore.							
New & Existing	Earthquake, Severe Storm, Landslide	O-1, O-2, O-3, O-4, O-5, O-9	Public Works	Medium	General Fund, Street Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-10—</b> Designate, prepare and announce Emergency Assembly Points throughout the City.							
New & Existing	All Hazards	O-5, O-6, O-7	Public Works	Medium	General Fund	Short Term	Y
<b>Initiative #RD-11—</b> Adopt a Long-term Capital Improvement Plan.							
New & Existing	All Hazards	O-1, O-2, O-3, O-4, O-5, O-6, O-7, O-9	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-12—</b> Improve hillside stability in landslide-prone areas.							
New & Existing	Earthquake, Severe Storm, Landslide	O-1, O-2, O-3, O-4, O-5, O-9	Public Works	Medium	General Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-13—</b> Prepare a Post Disaster Recovery Plan.							
New & Existing	All Hazards	O-1, O-4, O-5, O-6, O-12	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-14—</b> Install Emergency water interties with Scotia.							
New & Existing	Earthquake, Severe Storm, Drought	O-1, O-2, O-3, O-12	Public Works	High	General Fund, Water Fund, PDM Grants	Long Term	Y
<b>Initiative #RD-15—</b> Work with the National Oceanic and Atmospheric Association to attain the certifications of Storm Ready and Tsunami Ready.							
New & Existing	Tsunami, Severe Storm	O-3, O-4, O-5, O-6, O-7, O-8	Public Works	Medium	General Fund	Short Term	Y
<b>Initiative #RD-16—</b> Improve alternative communication capabilities throughout the City, including acquisition of and licensing for HAM radios, satellite telephones, mobile backup dispatch devices and other communication devices.							
New & Existing	All Hazards	O-1, O-4, O-5, O-12	Public Works	Medium	General Fund	Short Term	Y
<b>Initiative #RD-17—</b> Adopt an updated Emergency Response Plan.							
New & Existing	All Hazards	O-1, O-2, O-4, O-5	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-18—</b> Update City land use code for seismic setbacks/structural requirements and hillside development standards.							



New & Existing	Earthquake, Landslide	O-2, O-3, O-10, O-11	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-19</b> — Promote the formation of Community Emergency Response Teams (CERTs) and Neighborhood and Business Emergency Services Teams (NESTS and BESTs) throughout Rio Dell.							
New & Existing	All Hazards	O-4, O-5, O-6, O-8	Public Works	Medium	General Fund	Short Term	Y
<b>Initiative #RD-20</b> — Update floodplain mapping throughout the City and continue to maintain compliance and good standing under the National Flood Insurance Program. This will be accomplished through the implementation of floodplain management programs that, at a minimum, will meet the minimum requirements of the NFIP, which include the following:							
<ul style="list-style-type: none"> <li>• Enforcement of the adopted flood damage prevention ordinance,</li> <li>• Participating in floodplain identification and mapping updates, and</li> <li>• Providing public assistance/information on floodplain requirements and impacts</li> </ul>							
New & Existing	Flood, Severe Storm	O-2, O-3, O-8, O-9	Public Works	Low	General Fund	Short term	Y
<b>Initiative #RD-21</b> — Maintain National Incident Management System, State Emergency Management System, and Incident Command System training for City staff.							
New & Existing	All Hazards	O-4, O-5	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-22</b> — Support and participate in the Redwood Coast Tsunami Work Group and other hazard mitigation groups in the region.							
New & Existing	All Hazards	O-6, O-7, O-8	Public Works	Low	General Fund	Short Term	Y
<b>Initiative #RD-23</b> — Develop Focused Storm Drainage Facility Plan.							
New & Existing	Severe Storm, Flood	O-2, O-3, O-6, O-9	Public Works	Medium	General Fund, CDBG	Short Term	Y
<b>Initiative #RD-24</b> — Increase fuel storage capacity and supply within the City, including at Wastewater Treatment and Water Facilities.							
New & Existing	All Hazards	O-1, O-2, O-4	Public Works	Medium	General Fund, Water Fund, Wastewater Fund	Short Term	N
<b>Initiative #RD-25</b> — Consider obtaining formal agreement with Shell to give the City and Fire District priority fueling. Coordinate with the Fire District to determine the station's operational capacity in event of an energy disruption.							
New & Existing	All Hazards	O-1, O-4	Public Works	Low	General Fund	Short Term	N
<b>Initiative #RD-26</b> — Determine whether any agreements exist with Scotia for the sharing of fuel and water in the event of an emergency.							
New & Existing	All Hazards	O-12	Public Works	Low	General Fund	Short Term	N



<b>Initiative #RD-27</b> — Maintain and update the City's Energy Assurance Plan and implement Energy Assurance Plan actions and projects, including requesting information (energy use, backup generator make/model/size, fuel storage) from key assets, determining energy assurance gaps, and evaluating Key Asset requirements to function in a longer-term (2 week) energy disruption.							
New & Existing	All Hazards	O-1, O-2, O-4	Public Works	Medium	General Fund	Long Term	N
<b>Initiative #RD-28</b> — Determine City water supply in event of long-term energy disruption. Set priority list for water distribution.							
New & Existing	All Hazards	O-1, O-2, O-3	Public Works	Medium	General Fund, Water Fund	Long Term	N
<b>Initiative #RD-29</b> — Determine refrigeration capacity of local markets and evaluate requirements to maintain functionality in event of energy disruption.							
New & Existing	All Hazards	O-3	Public Works	Medium	General Fund	Long Term	N
<b>Initiative #RD-30</b> — Determine fuel tank size and operational costs of new infiltration gallery backup generator.							
New & Existing	All Hazards	O-1, O-2	Public Works	Low	General Fund, Water Fund	Short Term	N
<b>Initiative #RD-31</b> —Coordinate with the Fire District to determine backup fuel supply adequacy and obtain increased storage if necessary.							
New & Existing	All Hazards	O-2, O-4, O-8	Public Works	Medium	General Fund	Short Term	N
<b>Initiative #RD-32</b> — Determine and obtain a properly sized backup power supply to power Police Department communications system.							
New & Existing	All Hazards	O-2, O-4	Public Works	Medium	General Fund	Short Term	N
<b>Initiative #RD-33</b> — Coordinate with the County and Ferndale to stabilize Blue Slide Road hillside and road surface from Ferndale to Rio Dell.							
New & Existing	Landslide	O-3, O-8, O-9, O-12	County, Ferndale, Public Works	High	General Fund, PDM Grants	Short term	N
<b>Initiative #RD-34</b> — Coordinate with County to stabilize land slide into Eel River upstream of City's fresh water infiltration gallery.							
New & Existing	Landslide	O-3, O-8, O-9, O-12	County, Ferndale, Public Works	High	General Fund, PDM Grants	Short term	N

**TABLE X-11.  
MITIGATION STRATEGY PRIORITY SCHEDULE**

Initiative #	# of Objectives Met	Benefits	Costs	Do Benefits Equal or Exceed Costs?	Is Project Grant-Eligible?	Can Project Be Funded Under Existing Programs/ Budgets?	Priority <sup>a</sup>
RD-1	2	High	High	Yes	Yes	No	High
RD-2	2	Medium	Medium	Yes	Yes	No	High
RD-3	3	High	Medium	Yes	Yes	No	High
RD-4	3	High	Medium	Yes	Yes	No	High
RD-5	5	High	High	Yes	Yes	No	High
RD-6	5	High	High	Yes	Yes	No	High
RD-7	3	High	High	Yes	No	No	Low
RD-8	5	High	Medium	Yes	Yes	No	High
RD-9	6	High	Medium	Yes	Yes	No	High
RD-10	3	High	Medium	Yes	No	No	Medium
RD-11	8	Medium	Low	Yes	No	Yes	High
RD-12	6	High	Medium	Yes	Yes	No	High
RD-13	5	Medium	Low	Yes	No	Yes	High
RD-14	4	High	High	Yes	Yes	No	High
RD-15	6	Medium	Medium	Yes	No	No	Medium
RD-16	4	High	Medium	Yes	No	No	Medium
RD-17	4	Medium	Low	Yes	No	Yes	High
RD-18	5	Medium	Low	Yes	No	Yes	High
RD-19	4	Medium	Medium	Yes	No	No	Medium
RD-20	4	Medium	Low	Yes	No	No	High
RD-21	2	High	Low	Yes	No	Yes	High
RD-22	3	Medium	Low	Yes	No	Yes	High
RD-23	4	Medium	Medium	Yes	Yes	No	High
RD-24	3	High	Medium	Yes	No	No	Medium
RD-25	2	Medium	Low	Yes	No	Yes	High
RD-26	1	Low	Low	Yes	No	Yes	High
RD-27	3	Medium	Medium	Yes	No	No	Low
RD-28	3	Medium	Medium	Yes	No	No	Low
RD-29	1	Medium	Medium	Yes	No	No	Low
RD-30	2	Medium	Low	Yes	No	Yes	High
RD-31	3	High	Medium	Yes	No	No	Medium
RD-32	2	High	Medium	Yes	No	No	Medium
RD-33	4	High	High	Yes	Yes	No	High
RD-34	4	High	High	Yes	Yes	No	High

- a. See Chapter 1 for definitions of high, medium and low priorities.



**TABLE X-12.  
ANALYSIS OF MITIGATION INITIATIVES**

Hazard Type	Initiative Addressing Hazard, by Mitigation Type <sup>a</sup>					
	1. Prevention	2. Property Protection	3. Public Education and Awareness	4. Natural Resource Protection	5. Emergency Services	6. Structural Projects
Dam Failure	RD-11, RD-13		RD-10, RD-19	RD-28	RD-7, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-14
Drought	RD-10, RD-11, RD-13		RD-10, RD-19	RD-28	RD-14	RD-14
Earthquake	RD-10, RD-11, RD-13, RD-18	RD-1, RD-2, RD-3, RD-4, RD-5, RD-6, RD-8	RD-10, RD-19	RD-9, RD-12, RD-33, RD-34	RD-1, RD-2, RD-3, RD-4, RD-5, RD-6, RD-7, RD-8, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-9, RD-12, RD-14, RD-33, RD-34
Flood	RD-10, RD-11, RD-13, RD-20, RD-23	RD-1, RD-2, RD-3, RD-4	RD-10, RD-19, RD-20	RD-9, RD-12, RD-33, RD-34	RD-1, RD-2, RD-3, RD-4, RD-5, RD-6, RD-7, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-9, RD-12, RD-14, RD-33, RD-34
Landslide	RD-10, RD-11, RD-13, RD-18		RD-10, RD-19	RD-9, RD-12, RD-33, RD-34	RD-7, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-9, RD-12, RD-14, RD-33, RD-34
Severe Weather	RD-10, RD-11, RD-13, RD-15, RD-18, RD-23	RD-1, RD-2, RD-3, RD-4	RD-10, RD-19	RD-9, RD-12, RD-33, RD-34	RD-1, RD-2, RD-3, RD-4, RD-5, RD-6, RD-7, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-9, RD-12, RD-14, RD-33, RD-34
Tsunami	RD-10, RD-11, RD-13, RD-15, RD-22		RD-10, RD-19, RD-22		RD-7, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-14

**TABLE X-12.  
ANALYSIS OF MITIGATION INITIATIVES**

Hazard Type	Initiative Addressing Hazard, by Mitigation Type <sup>a</sup>					
	1. Prevention	2. Property Protection	3. Public Education and Awareness	4. Natural Resource Protection	5. Emergency Services	6. Structural Projects
Wild Fire	RD-10, RD-11, RD-13	RD-8	RD-10, RD-19		RD-7, RD-8, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-14
Other Hazards of Concern	RD-10, RD-11, RD-13	RD-8	RD-10, RD-19		RD-7, RD-8, RD-16, RD-17, RD-19, RD-21, RD-24, RD-25, RD-26, RD-27, RD-28, RD-29, RD-30, RD-31, RD-32	RD-14

a. See Chapter 1 for description of mitigation types.

**TABLE X-13.  
PREVIOUS ACTION PLAN IMPLEMENTATION STATUS**

Action #	Action Status			Comments
	Completed	Carry Over to Plan Update	Removed; No Longer Feasible	
RD-1	X			Chlorine Generation Equipment Replacement and Seismic Retrofit
RD-2	X			Upgrade Pumps at Headworks
RD-3		X		Improvements to Wastewater Collection System Mains, Laterals, and Manholes
RD-4		X		Wastewater Lift Stations Maintenance and Upgrades
RD-5	X			Install Stormproof Fuel Storage Tanks
RD-6	X			Bellevue Creek Crossing Repair
RD-7		X		Painter Street to Highway 101 Drainage Ditch Repair
RD-8		X		Center Street to Painter Street Culvert Improvements
RD-9		X		City Hall Seismic Retrofit
RD-10		X		Fireman's Hall Seismic Retrofit
RD-11		X		City Standby Power Generation Capabilities
RD-12		X		Fire Sprinkler Installation at City Hall and Fireman's Hall
RD-13		X		Construct Retaining Wall on Road to Dinsmore
RD-14	X			Elevating Wastewater Plant
RD-15		X		Designate, prepare and announce Emergency Assembly Points throughout the City.
RD-16		X		Adopt a Long-term Capital Improvement Plan
RD-17		X		Improve hillside stability in landslide-prone areas
RD-18		X		Prepare a Post Disaster Recovery Plan
RD-19		X		Install Emergency water interties between neighboring jurisdictions
RD-20		X		Work with the National Oceanic and Atmospheric Association to attain the certifications of Storm Ready and Tsunami Ready.
RD-21	X			Adopt International Building Code on January 1st, 2008
RD-22		X		Improve alternative communication capabilities throughout the City, including acquisition of and licensing for HAM radios, satellite telephones, mobile backup dispatch devices and other communication devices.
RD-23		X		Adopt an updated Emergency Response Plan
RD-24		X		Update City land use code for seismic setbacks/structural requirements and hillside development standards

**TABLE X-13.  
PREVIOUS ACTION PLAN IMPLEMENTATION STATUS**

Action #	Action Status			Comments
	Completed	Carry Over to Plan Update	Removed; No Longer Feasible	
RD-25		X		Promote the formation of Community Emergency Response Teams (CERTs) and Neighborhood and Business Emergency Services Teams (NESTS and BESTs) throughout Rio Dell
RD-26		X		Update floodplain mapping throughout the City, including continued participation with the National Flood Insurance Program.
RD-27		X		Maintain National Incident Management System, State Emergency Management System, and Incident Command System training for City staff.
RD-28		X		Support and participate in the Redwood Coast Tsunami Work Group and other hazard mitigation groups in the region.
RD-29		X		Develop Focused Storm Drainage Facility Plan



*675 Wildwood Avenue  
Rio Dell, CA 95562*



TO: Mayor and Members of the City Council

THROUGH: Jim Stretch, City Manager

FROM: Stephanie Beauchaine, Finance Director

DATE: September 17, 2013

SUBJECT: Audited Financial Statements for the year ending June 30, 2012

**RECOMMENDATION**

Receive and File

**BUDGETARY IMPACT**

None.

**BACKGROUND AND DISCUSSION**

Please find attached a copy of the updated Audited Financial Statements for the period ending June 30, 2012. Page 7 has been updated to correctly reflect Community Development and Recycling expenses, and changes have been made to both Operating/Capital Grants and Contributions revenue. Business-type revenue has been corrected on page 8, Proprietary Fund analyses on page 9 has been corrected, and Recycling expenses on page 13 has also been adjusted.

Staff have reviewed the adjustments and are satisfied with the corrections.



**CITY OF RIO DELL**  
**RIO DELL, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Rio Dell  
Rio Dell, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rio Dell as of and for the year ended June 30, 2012, which collectively comprise the City of Rio Dell's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rio Dell's management; our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Rio Dell's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Dell, California as of June 30, 2012, and the respective changes in the financial position and cash flow for the year then ended, in conformity with U.S. generally accepted accounting principles.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-11) and the required supplemental information (pages 39-40), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013 on our consideration of City of Rio Dell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*R. J. Ricciardi, Inc.*

R. J. Ricciardi, Inc.  
Certified Public Accountants

San Rafael, California  
March 29, 2013

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

**This discussion and analysis of City of Rio Dell's financial activities and performance provides an overview for the fiscal year ended June 30, 2012. Please read this in conjunction with City of Rio Dell's financial statements, which follow this discussion and analysis.**

### **FINANCIAL HIGHLIGHTS**

#### Government-wide Financial Statements

The Government-wide Statement of Net Assets appearing as the first statement of the Basic Financial Statements and summarized in the Management's Discussion and Analysis shows City of Rio Dell's (the City's) total assets to be \$24,814,317, total liabilities to be \$4,252,568 and total net assets to be \$20,561,749.

The City's net capital assets, net of related debt, totaled \$15,941,638 at June 30, 2012. This amount represents capital assets net of the related debt to acquire the capital assets. As a "small" City under the definition of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34), the City is not required to report, and has not reported, infrastructure (i.e. streets, streetlights, sidewalks, etc.) assets acquired prior to June 30, 2003 in accounting for capital assets. Beginning in fiscal year 2003-04, the City began to capitalize the cost of its capital projects on a go-forward basis.

The City's long-term debt (including current portion) totaled \$3,241,996 as of June 30, 2012. This amount includes the DHS Infiltration Gallery Loan and other items reported in previous years in the General Long-Term Debt column, , as well as debt related to business-type activities (see Note 5 of the financial statements).

#### Governmental Funds Financial Statements

At June 30, 2012, Governmental Fund balances totaled \$1,857,662, an increase of \$176,241 from June 30, 2011. This increase is primarily due to the reduction of capital outlay costs. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances.

The core operations of the City are accounted for in the General Fund, and the General Fund balance is a key measure of the financial health of the City. As of June 30, 2012, the General Fund balance was \$1,159,676, an increase of \$100,643 from the July 1, 2011 balance.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's Basic Financial Statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or diminishing.

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

The Statement of Activities presents information that shows how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, such as property taxes assessed but not collected by June 30 and interest expenses accrued but not paid.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of government entities can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and balances of these resources available for spending. This information may be useful in evaluating a government's short-term financing requirements. Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Funds Financial Statements.

The City maintains numerous individual governmental funds, which for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds whose expenditures exceed 10% of the total expenditures for all governmental funds, or meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds and are reported separately in the governmental funds statements. All other funds are grouped together as Non-Major Funds for reporting purposes. The City's Major governmental funds are:

- General Fund
- Community Development Block Grant Fund

All of the City's Enterprise Funds are reported as Major Funds.

#### Proprietary Funds

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary Funds Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long-term.

The City does not have any internal service funds.

#### Fiduciary Funds

Fiduciary statements are used to account for resources held for the benefit of parties outside of the reporting government for which the City acts solely as agent. These statements are separate from, and their balances are excluded from, the City's financial statements.

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

**FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE**

Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Assets and Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

***Governmental Activities***

Table 1  
Governmental Net Assets at June 30

	Governmental Activities 2012	Governmental Activities 2011
Current and other assets	\$ 3,223,936	\$ 3,208,338
Capital assets, net of accumulated depreciation	3,803,460	3,826,240
Total assets	<u>7,027,396</u>	<u>7,034,578</u>
Other liabilities	93,817	204,185
Total liabilities	<u>93,817</u>	<u>204,185</u>
Net assets:		
Invested in capital assets, net of related debt	3,803,460	3,826,240
Restricted	697,986	623,805
Unrestricted	2,432,133	2,380,348
Total net assets	<u>\$ 6,933,579</u>	<u>\$ 6,830,393</u>

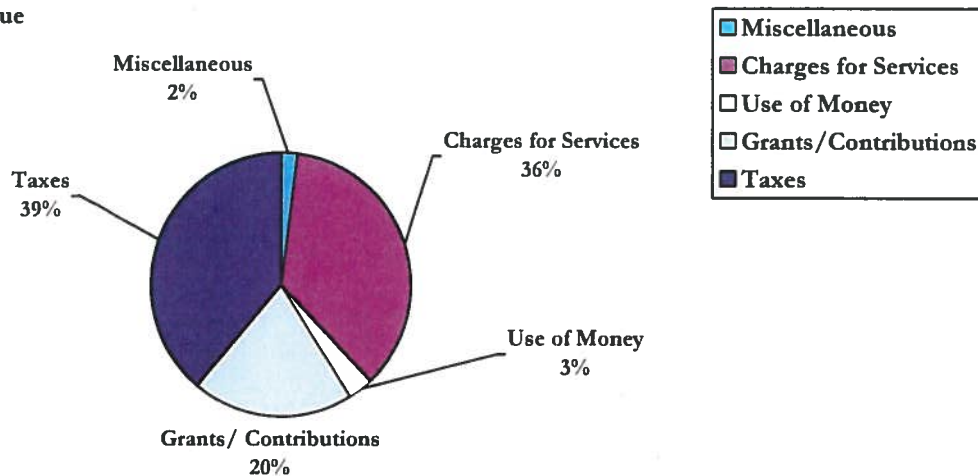
The City's governmental net assets amounted to \$6,933,579 as of June 30, 2012, an increase of \$103,186 from 2011. This change is the Change in Net Assets in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net assets as of June 30, 2012 comprised the following:

- Cash and investments were comprised of \$708,297 in the City treasury. Substantially all of these amounts were held in short-term investments in government securities, as detailed in Note 2 to the basic financial statements.
- Receivables were comprised of the following: \$89,566 of current receivables, \$65,016 of grants receivable, and \$1,292,923 in loans receivable that are due over longer periods of time.
- Capital assets were \$3,803,460 net of depreciation charges, which includes all the City's capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims, accrued liabilities, and other amounts currently due, totaled \$93,817.
- Net assets invested in capital assets, net of related debt, were \$3,803,460, representing the City's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$697,986, which may be used only to construct specified capital projects, for debt service, or for community development projects. The restrictions on these funds were placed there by outsiders and cannot be changed by the City.

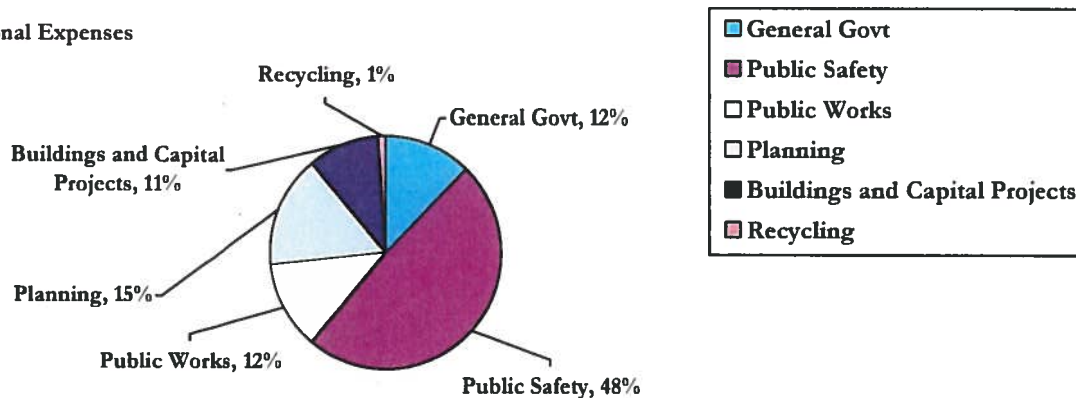
City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2012

- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$2,432,133 of unrestricted net assets as of June 30, 2012.

**Sources of Revenue**



**Functional Expenses**



As the Sources of Revenue Chart above shows, \$509,323 or 39%, of the City's fiscal year 2012 governmental activities revenue came from taxes, while \$264,905, or 20%, came from grants and contributions, \$472,530, or 36%, came from charges for services, and the remainder came from a variety of sources, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are now added to the City's capital assets. As the Chart shows, general government expenses are \$149,542, or 12%, of total government expenses, public safety is \$572,480 or 48%, public works is \$146,155, or 12%, planning is \$178,187, or 15%, and other governmental programs and functions are the remaining 12%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Assets summarized below.



City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2012

Table 2  
Changes in Governmental Net Assets

	Governmental Activities 2012	Governmental Activities 2011
<u>Expenses</u>		
General government	\$ 149,542	\$ 330,646
Public safety	572,481	650,547
Public works	146,155	173,073
Planning	178,187	21,727
Recycling	16,571	12,099
Community Development	-	507,287
Capital Projects	96,368	-
Building	<u>39,307</u>	<u>-</u>
Total expenses	<u>1,198,611</u>	<u>1,695,379</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	472,530	159,225
Operating grants and contributions	52,265	852,265
Capital grants and contributions	<u>212,640</u>	<u>377,506</u>
Total program revenues	<u>737,435</u>	<u>1,388,996</u>
General revenues:		
Taxes	509,323	808,601
Interest and use of property	45,179	19,988
Miscellaneous	<u>9,860</u>	<u>2,702</u>
Total general revenues	<u>564,362</u>	<u>831,291</u>
Total revenues	<u>1,301,797</u>	<u>2,220,287</u>
Change in net assets	<u>\$ 103,186</u>	<u>\$ 524,908</u>

As the Sources of Revenue Chart and Table 2 above show, \$737,435, or 56%, of the City's fiscal year 2012 governmental revenue, came from program revenues and \$564,362, or 43%, came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$472,530, which includes permit revenues, fees and charges used to fund expenses incurred in providing services; and grants and contributions of \$264,905, that consist mainly of street project grants and developer impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

*Business-type Activities*

The Statement of Net Assets and Statement of Activities present a summary of the City's business-type activities that are composed of the City's enterprise funds.

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

Table 3  
Business-Type Net Assets at June 30

	Business-Type 2012	Business-Type 2011
Current and other assets	\$ 2,406,747	\$ (170,312)
Capital assets, net of accumulated depreciation	<u>15,380,174</u>	<u>13,363,878</u>
Total assets	<u>17,786,921</u>	<u>13,193,266</u>
Long-term debt	3,241,996	2,901,175
Other liabilities	<u>916,755</u>	<u>127,904</u>
Total liabilities	<u>4,158,751</u>	<u>3,029,079</u>
Net assets:		
Invested in capital assets, net of related debt	12,138,178	10,462,703
Unrestricted	<u>1,489,992</u>	<u>(298,216)</u>
Total net assets	<u>\$ 13,628,170</u>	<u>\$ 10,164,487</u>

Table 4  
Changes in Business-Type Net Assets

	Business-Type Activities 2012	Business-Type Activities 2011
<u>Expenses</u>		
Water	\$ 878,401	\$ 688,819
Sewer	<u>3,206,134</u>	<u>998,146</u>
Total expenses	<u>4,084,535</u>	<u>1,686,965</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	1,229,724	1,519,934
Capital grants and contributions	<u>6,242,766</u>	<u>664,214</u>
Total program revenues	<u>7,472,490</u>	<u>2,184,148</u>
General revenues:		
Interest and use of property	62	236
Miscellaneous	<u>75,666</u>	<u>201,652</u>
Total general revenues	<u>75,728</u>	<u>201,888</u>
Total revenues	<u>7,548,218</u>	<u>2,386,036</u>
Change in net assets	<u>\$ 3,463,683</u>	<u>\$ 699,071</u>

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

**Analyses of Major Funds**

***Governmental Funds***

**General Fund**

General Fund revenues increased \$10,726 this fiscal year due primarily to increases in property taxes and interest. Actual revenues were under budgeted amounts by \$4,278. Charges for services decreased \$8,082.

General Fund expenditures were \$778,012, a decrease of \$56,895 from the prior year. Expenditures were \$141,278 less than budgeted.

As of June 30, 2012, the General Fund's fund balance totaled \$1,159,676.

**Community Development Block Grant Fund**

This fund is used to account for capital expenditures, maintenance, rehabilitation, reconstruction and construction related to the City's low income housing programs. The fund's fiscal year end fund balance was \$5,012.

**Other Governmental Funds**

These funds are not presented separately in the basic financial statements.

***Proprietary Funds***

**Sewer Fund**

The change in net assets of the Sewer Fund resulted in an increase of \$3,501,648 in fiscal year 2012. Operating revenues decreased \$241,289 due to reallocating replacement and debt service revenue to non-operating revenue. Operating expenses increased \$2,208,552 due to Waste Water treatment facility construction.

As of June 30, 2012, the fund's net assets were \$6,728,022.

**Water Fund**

Operating revenues decreased \$121,833 as revenue was permanently shifted to debt service for payment on the Water Infiltration Gallery Project. Expenses increased \$188,837 due to an increase in maintenance and construction costs.

As a result the fund's net assets decreased \$37,965, to a new total of \$6,900,148.

**CAPITAL ASSETS**

GASB No. 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2012, the City reported the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2012 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 5 below:

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

Table 5  
Capital Assets at Year-end

	Balance at June 30, 2012	Balance at June 30, 2011
<u>Governmental Activities</u>		
Land (not depreciated)	\$ 627,945	\$ 613,051
Construction in progress (not depreciated)	24,265	970
Buildings and improvements	27,513	1,882
Equipment and vehicles	674,390	662,763
Infrastructure	3,395,645	3,395,645
Less: accumulated depreciation	(946,298)	(848,071)
Governmental activity capital assets, net	<u>\$ 3,803,460</u>	<u>\$ 3,826,240</u>
<u>Business-type Activities</u>		
Land (not depreciated)	\$ 507,859	\$ 493,274
Buildings and improvements	142,830	142,830
Equipment and vehicles	986,250	980,703
Construction in progress (not depreciated)	3,291,939	956,642
Infrastructure	12,246,096	12,246,096
Less: accumulated depreciation	(1,794,800)	(1,455,667)
Business-type activity capital assets, net	<u>\$ 15,380,174</u>	<u>\$ 13,363,878</u>

Detail on capital assets, current year additions and construction in progress can be found in Note 4.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 4 to the basic financial statements.

## DEBT ADMINISTRATION

The City's debt issues are discussed in detail in Note 5 to the financial statements. As of June 30, 2012, the City's debt was comprised of the following:

Table 6  
Outstanding Debt

	2012	2011
<u>Business-Type Activity Debt:</u>		
DHS Infiltration Gallery Loan	\$ 2,312,000	\$ 2,448,000
FMHA Special Assessment Bonds	160,000	180,000
RCAC Sewer Planning and Design	157,795	214,879
Sewer Planning and Design Credit Line	569,008	-
Capital leases	43,193	58,296
Compensated absences	15,971	16,051
Total Business-Type Activity Debt	<u>\$ 3,257,967</u>	<u>\$ 2,917,226</u>

City of Rio Dell  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012

**ECONOMIC CONDITION, OUTLOOK AND ACTIVITY**

Overall, the City appears to be in a positive position to continue to provide services to the community.

**Next Year's Budget**

- There are limited investment opportunities for idle cash reserves.

This was taken into consideration during the preparation of the City's budget for the fiscal year 2012 -13.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City of Rio Dell, at 675 Wildwood Avenue, Rio Dell, CA 95562.

City of Rio Dell  
STATEMENT OF NET ASSETS  
June 30, 2012

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current assets:			
Cash and investments	\$ 708,297	\$ -	\$ 708,297
Accounts receivable	89,566	247,014	336,580
Grants receivable	65,016	3,046,713	3,111,729
Notes receivable	1,292,923	-	1,292,923
Assessments receivable	-	160,000	160,000
Prepaid items	11,553	9,601	21,154
Internal balances	1,056,581	(1,056,581)	-
Capital assets:			
Non-depreciable	652,210	3,799,797	4,452,007
Depreciable, net of accumulated depreciation	<u>3,151,250</u>	<u>11,580,377</u>	<u>14,731,627</u>
Total assets	<u>7,027,396</u>	<u>17,786,921</u>	<u>24,814,317</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	78,362	872,623	950,985
Customer Deposits	-	28,161	28,161
Accrued bond and lease interest payable	-	-	-
Compensated absences	15,455	15,971	31,426
Long-term debt:			
Due within one year	-	336,390	336,390
Due in more than one year	<u>-</u>	<u>2,905,606</u>	<u>2,905,606</u>
Total liabilities	<u>93,817</u>	<u>4,158,751</u>	<u>4,252,568</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,803,460	12,138,178	15,941,638
Restricted	697,986	-	697,986
Unrestricted	<u>2,432,133</u>	<u>1,489,992</u>	<u>3,922,125</u>
Total net assets	<u>\$ 6,933,579</u>	<u>\$ 13,628,170</u>	<u>\$ 20,561,749</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) and Revenue Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government		
					Governmental Activities	Business-type Activities	
<u>City Government</u>							
Governmental activities:							
General government	\$ 149,542	\$ -	\$ -	\$ -	\$ (149,542)		\$ (149,542)
Public safety - Police	572,480	-	-	-	(572,480)		(572,480)
Public works	146,155	472,530	52,265	212,640	591,280		591,280
Planning	178,187	-	-	-	(178,187)		(178,187)
Recycling	16,571	-	-	-	(16,571)		(16,571)
Capital projects	96,368	-	-	-	(96,368)		(96,368)
Building	39,307	-	-	-	(39,307)		(39,307)
Total governmental activities	<u>1,198,610</u>	<u>472,530</u>	<u>52,265</u>	<u>212,640</u>	<u>(461,175)</u>		<u>(461,175)</u>
Business-type activities							
Sewer	3,206,134	702,329	571,352	5,391,629		\$ 3,459,176	3,459,176
Water	<u>878,401</u>	<u>527,395</u>	<u>269,112</u>	<u>10,673</u>		<u>(71,221)</u>	<u>(71,221)</u>
Total business-type activities	<u>4,084,535</u>	<u>1,229,724</u>	<u>840,464</u>	<u>5,402,302</u>	<u>-</u>	<u>3,387,955</u>	<u>3,387,955</u>
Total	<u>\$ 1,198,610</u>	<u>\$ 1,702,254</u>	<u>\$ 892,729</u>	<u>\$ 5,614,942</u>	<u>\$ (461,175)</u>	<u>\$ 3,387,955</u>	<u>\$ (461,175)</u>
General revenues:							
Taxes:							
Property taxes					107,092	-	107,092
Sales taxes					188,042	-	188,042
Occupancy					11,287	-	11,287
Gas					202,901	-	202,901
Interest income					45,179	62	45,241
Miscellaneous					<u>9,860</u>	<u>75,666</u>	<u>85,526</u>
Total general revenues and special items					<u>564,361</u>	<u>75,728</u>	<u>640,089</u>
Change in net assets					103,186	3,463,683	3,566,869
Net assets beginning of period					<u>6,830,393</u>	<u>10,164,487</u>	<u>16,994,880</u>
Net assets ending of period					<u>\$ 6,933,579</u>	<u>\$ 13,628,170</u>	<u>\$ 20,561,749</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2012

	General Fund	CDBG	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 42,213	\$ 1	\$ 666,083	\$ 708,297
Accounts receivable	78,805	-	10,761	89,566
Grants receivable	37,751	-	27,265	65,016
Due from other funds	1,056,581	-	-	1,056,581
Notes receivable	-	1,292,923	-	1,292,923
Prepaid items	8,055	-	3,498	11,553
Total Assets	<u>\$ 1,223,405</u>	<u>\$ 1,292,924</u>	<u>\$ 707,607</u>	<u>\$ 3,223,936</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 15,444	\$ -	\$ 14,633	\$ 30,077
Accrued expenditures	48,285	-	-	48,285
Due to other funds	-	-	-	-
Deferred revenue	-	1,287,912	-	1,287,912
Notes payable	-	-	-	-
Total Liabilities	<u>63,729</u>	<u>1,287,912</u>	<u>14,633</u>	<u>1,366,274</u>
<u>FUND BALANCES</u>				
Nonspendable	1,064,636	-	-	1,064,636
Restricted	-	5,012	692,974	697,986
Assigned	37,751	-	-	37,751
Unassigned	57,289	-	-	57,289
Total Fund Balances	<u>1,159,676</u>	<u>5,012</u>	<u>692,974</u>	<u>1,857,662</u>
Total Liabilities and Fund Balances	<u>\$ 1,223,405</u>	<u>\$ 1,292,924</u>	<u>\$ 707,607</u>	<u>\$ 3,223,936</u>

The accompanying notes are an integral part of these financial statements.



City of Rio Dell  
Reconciliation of the  
GOVERNMENTAL FUNDS - BALANCE SHEET  
with the Governmental Activities  
STATEMENT OF NET ASSETS  
For the year ended June 30, 2012

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,857,662
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Amounts reported for Governmental Activities in the Statement of  
Net Assets are different from those reported in the Governmental  
Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	3,803,460
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REVENUES

Revenues which are deferred on the Governmental Funds Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities	1,287,912
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current  
period and therefore are not reported in the Funds:

Non-current portion of compensated absences	(15,455)
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 6,933,579
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The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General Fund	CDBG	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Property taxes	\$ 107,092	\$ -	\$ -	\$ 107,092
Sales taxes	188,042	-	-	188,042
Occupancy taxes	11,287	-	-	11,287
Gas taxes	-	-	202,901	202,901
Intergovernmental	76,332	-	188,573	264,905
Licenses, permits, and franchise fees	456,037	-	16,492	472,529
Interest and use of property	38,570	-	6,609	45,179
Miscellaneous	<u>1,295</u>	<u>170</u>	<u>8,395</u>	<u>9,860</u>
Total revenues	<u>878,655</u>	<u>170</u>	<u>422,970</u>	<u>1,301,795</u>
<u>EXPENDITURES</u>				
Current operations:				
General government	126,508	-	22,911	149,419
Public safety - Police	425,689	-	124,011	549,700
Public works	11,704	-	134,451	146,155
Planning	128,032	-	2	128,034
Recycling	102	-	16,469	16,571
Capital projects	46,670	-	49,698	96,368
Building	<u>39,307</u>	<u>-</u>	<u>-</u>	<u>39,307</u>
Total expenditures	<u>778,012</u>	<u>-</u>	<u>347,542</u>	<u>1,125,554</u>
Excess (deficiency) of revenues over expenditures	<u>100,643</u>	<u>170</u>	<u>75,428</u>	<u>176,241</u>
Fund balances, beginning of period	<u>1,059,033</u>	<u>4,842</u>	<u>617,546</u>	<u>1,681,421</u>
Fund balances, end of period	<u>\$ 1,159,676</u>	<u>\$ 5,012</u>	<u>\$ 692,974</u>	<u>\$ 1,857,662</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Net Change in Fund Balances- Total Governmental Funds	\$ 176,241
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	75,447
Depreciation expense	(98,227)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as expenditures in governmental funds.

Change in deferred revenue	(50,153)
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Some expenses in the statement of activities for concurrent liabilities such as long-term compensated absences, assessments receivable, deferred revenue and claims do not require the use of or provide current financial resources and are therefore not reported as expenditures or revenues in the governmental funds.

Compensated absences	(122)
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Net difference	(73,055)
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Change in Net Assets of Governmental Activities	\$ <u>103,186</u>
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The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2012

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Accounts receivable	\$ 157,444	\$ 89,570	\$ 247,014
Grants receivable	3,046,713	-	3,046,713
Assessments receivable, current portion	25,000	-	25,000
Due from other funds	-	183,570	183,570
Prepaid items	<u>5,444</u>	<u>4,157</u>	<u>9,601</u>
Total current assets	<u>3,234,601</u>	<u>277,297</u>	<u>3,511,898</u>
Long-term assets:			
Assessment receivable, net of current portion	135,000	-	135,000
Capital assets:			
Construction in Progress	3,291,938	-	3,291,938
Land	502,543	5,316	507,859
Buildings & improvements	8,310	134,520	142,830
Infrastructure	2,750,571	9,495,525	12,246,096
Machinery, vehicles, & equipment	284,548	701,702	986,250
Less: accumulated depreciation	<u>(457,571)</u>	<u>(1,337,228)</u>	<u>(1,794,799)</u>
Capital assets, net	<u>6,380,339</u>	<u>8,999,835</u>	<u>15,380,174</u>
Total long-term assets	<u>6,515,339</u>	<u>8,999,835</u>	<u>15,515,174</u>
Total assets	<u>9,749,940</u>	<u>9,277,132</u>	<u>19,027,072</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	851,481	21,108	872,589
Accrued interest	17	17	34
Due to other funds	1,240,151	-	1,240,151
Customer Deposits	12,973	15,188	28,161
Accrued compensated absences	8,896	7,075	15,971
Current portion of long-term liabilities	<u>191,593</u>	<u>144,797</u>	<u>336,390</u>
Total current liabilities	<u>2,305,111</u>	<u>188,185</u>	<u>2,493,296</u>
Long-term liabilities:			
Notes and bonds payable	<u>716,807</u>	<u>2,188,799</u>	<u>2,905,606</u>
Total liabilities	<u>3,021,918</u>	<u>2,376,984</u>	<u>5,398,902</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,471,939	6,666,239	12,138,178
Unrestricted	<u>1,256,083</u>	<u>233,909</u>	<u>1,489,992</u>
Total net assets	<u>6,728,022</u>	<u>6,900,148</u>	<u>13,628,170</u>
Total liabilities and net assets	<u>\$ 9,749,940</u>	<u>\$ 9,277,132</u>	<u>\$ 19,027,072</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2012

	<u>Sewer Fund</u>	<u>Water fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 679,704	\$ 498,950	\$ 1,178,654
Connection fees	4,964	10,764	15,728
Late fees	17,661	17,681	35,342
Total operating revenues	<u>702,329</u>	<u>527,395</u>	<u>1,229,724</u>
<b>OPERATING EXPENSES</b>			
Current operations:			
General government	233,176	197,826	431,002
Public works	411,957	313,273	725,230
Capital projects	2,414,372	150,186	2,564,558
Depreciation	123,638	215,495	339,133
Total operating expenses	<u>3,183,143</u>	<u>876,780</u>	<u>4,059,923</u>
Operating income/(loss)	<u>(2,480,814)</u>	<u>(349,385)</u>	<u>(2,830,199)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Miscellaneous	42,410	33,256	75,666
Intergovernmental	3,046,873	-	3,046,873
Replacement reserve	173,976	-	173,976
Debt service	401,042	272,201	673,243
Bad debt recovery (expense)	(3,666)	(3,089)	(6,755)
Interest income	62	-	62
Interest expense	(22,991)	(1,621)	(24,612)
Total non-operating revenues (expenses)	<u>3,637,706</u>	<u>300,747</u>	<u>3,938,453</u>
Income (loss) before transfers	<u>1,156,892</u>	<u>(48,638)</u>	<u>1,108,254</u>
Capital contributions	<u>2,344,756</u>	<u>10,673</u>	<u>2,355,429</u>
Change in net assets	<u>3,501,648</u>	<u>(37,965)</u>	<u>3,463,683</u>
Net assets, beginning of period	<u>3,226,374</u>	<u>6,938,113</u>	<u>10,164,487</u>
Net assets, end of period	<u>\$ 6,728,022</u>	<u>\$ 6,900,148</u>	<u>\$ 13,628,170</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
 PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
 For the year ended June 30, 2012

	Business-type Activities Enterprise Funds		
	Sewer	Water	Total
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 682,487	\$ 501,659	\$ 1,184,146
Payments to suppliers	(1,697,046)	(566,870)	(2,263,916)
Payments to employees	(384,662)	(280,952)	(665,614)
Net cash provided (used) by operating activities	(1,399,221)	(346,163)	(1,745,384)
<u>Cash flows from non-capital financing activities:</u>			
Miscellaneous	42,410	33,256	75,666
Replacement Reserve	173,976	-	173,976
Debt service	401,042	272,200	673,242
Bad debt recovery (expense)	(3,666)	(3,089)	(6,755)
Net cash provided (used) by capital and related	613,762	302,367	916,129
<u>Cash flows from capital and related financing activities:</u>			
Acquisition of fixed assets	(2,344,755)	-	(2,344,755)
Capital grants and contributions	2,545,480	-	2,545,480
Proceeds from debt issuance	569,008	-	569,008
Principal payments on capital debt	(84,635)	(143,552)	(228,187)
Interest paid on capital debt	(22,991)	(1,621)	(24,612)
Net cash provided (used) by capital and related financing activities	662,107	(145,173)	516,934
<u>Cash flows from investing activities:</u>			
Interest earned	62	-	62
Net cash provided by investing activities	62	-	62
Net increase (decrease) in cash and cash equivalents	(123,290)	(188,969)	(312,259)
Cash and cash equivalents - beginning of period	123,290	188,969	312,259
Cash and cash equivalents - end of period	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:			
Operating income (loss)	\$ (2,480,814)	\$ (349,385)	\$ (2,830,199)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	123,638	215,495	339,133
Changes in certain assets and liabilities:			
Accounts receivable	(39,842)	(25,736)	(65,578)
Assessments receivable	20,000		20,000
Due from other funds		(183,570)	(183,570)
Prepaid items	(5,444)	(4,157)	(9,601)
Accounts payable and accrued expenses	982,840	(297)	982,543
Deposits payable	632	1,336	1,968
Compensated absences	(231)	151	(80)
Total adjustments	1,081,593	3,222	1,084,815
Net cash provided (used) by operating activities	\$ (1,399,221)	\$ (346,163)	\$ (1,745,384)



City of Rio Dell  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2012

ASSETS

Cash and investments  
Total assets

	<u>Agency Fund</u>
\$	<u>4,475</u>
	<u>4,475</u>

LIABILITIES

Deposits in trust - due to others  
Total liabilities

	<u>4,475</u>
\$	<u>4,475</u>

City of Rio Dell  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2012

<u>ASSETS</u>	<u>Agency Fund</u>
Cash and investments	\$ 4,475
Total assets	<u>4,475</u>
<u>LIABILITIES</u>	
Deposits in trust - due to others	<u>4,475</u>
Total liabilities	<u>\$ 4,475</u>

The accompanying notes are an integral part of these financial statements.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rio Dell (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Description of Financial Reporting Entity

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

B. Description of Joint Powers Agreements

The City participates in several joint power agreements (JPAs) as described in Note 8. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

C. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, and revenues and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

D. Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental activities and business-type activities for the City, accompanied by a total column. These financial statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities are financed generally through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed generally through user fees.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, in regards to inter-fund activities, payables and receivables.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Governmental Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements.

GASB No. 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as governmental funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The general fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds, although no such funds were selected in fiscal year 2012.

The major governmental funds of the City are:

General Fund:

The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation, which are not required to be accounted for in another fund.

Community Development Block Grant Fund:

This fund is used to account for transactions related to the Block Grant funding agreement.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water Fund:

This fund accounts for all financial transactions relating to the City's water service. Services are on a user charge basis to residents and business owners located in Rio Dell.

Sewer Fund:

This fund accounts for all financial transactions relating to the City's wastewater collection and treatment. Services are on a user charge basis to residents.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Governmental Fund Financial Statements (concluded)

Fiduciary Funds (not included in government-wide statements):

Agency Fund - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

F. Basis of Accounting

The government-wide, proprietary and fiduciary funds financial statements required by GASB No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with GASB pronouncements. The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach of GASB No. 34.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgetary Policies

Each year, all departments of the City submit a request for appropriation to the City Manager so a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

H. Deposits and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.



City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deposits and Investments (concluded)

Cash and Cash Equivalents:

Cash and investments are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

I. Inventories

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

J. Restricted Assets

Certain proceeds of enterprise fund loans (as well as certain resources set aside for their repayment) and resources set aside for repayment of capital leases are classified as restricted assets on the balance sheet because their use is limited by applicable loan or other covenants.

K. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair market value on the date donated. Depreciation of capital assets is charged as an expense each year, and the total amount of accumulated depreciation taken over the years is reported on the Statement of Net Assets as a reduction in the book value of capital assets.

L. Compensated Absences

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

M. Deposits

The City collects refundable deposits on behalf of the enterprise funds for general purposes that are primarily accounted for in enterprise funds.

N. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Assets

Government-wide net assets consist of the following:

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets”.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Governmental fund balance consists of the following:

Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental *funds* now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

**Nonspendable** fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

**Restricted** fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

**Committed** fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level decision-making authority. The City Council serves as the City’s highest level decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minute’s action.

**Assigned** fund balance includes amounts intended to be used by the City for specific purposes, subject to change, as established either directly by the City Council or by management officials to whom the assignment authority has been delegated by the City Council.

**Unassigned** fund balance is the residual classification that includes the spendable amounts in the General Fund that are available for any purpose.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Assets (concluded)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy specifies that restricted revenues will be applied first. When expenditures are incurred for the purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balances first, then apply assigned fund balances, and finally unassigned fund balances.

P. Property Tax

The County of Humboldt assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a State formula. The City's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" amount. Also during 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Q. Inter-fund Transactions

A description of the two basic types of the City's inter-fund transactions during the fiscal year and the related accounting policies are set forth as follows:

- a) Transactions related directly to services rendered, or facilities provided, are recorded as revenues in the fund providing the service or facility and as expenditures (or expenses) in the fund receiving them.
- b) Transactions to allocate resources from one fund to another, not contingent on the occurrence of specific expenditures in the receiving fund, are recorded appropriately as transfers in and transfers out in the respective funds.

R. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

S. Revenue Recognition for Water and Sewer Funds

Revenues are recognized based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There is one billing cycle per month that includes all types of customers, based on their location within the City. Revenues for services provided but not billed at the end of a fiscal year are accrued. Contributions of cash or assets to proprietary funds from state and federal agencies, developers and others are recorded as revenue.

NOTE 2 - CASH AND INVESTMENTS

Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 2 - CASH AND INVESTMENTS (concluded)

Investments are carried at fair value and are categorized as follows at June 30, 2012:

State of California Local Agency Investment Fund	\$ 4,751
Cash deposits with banks	<u>708,021</u>
Total City cash and investments	<u>\$ 712,772</u>

The City's total cash and investments consist of:

Cash and investments in City Treasury	\$ 708,297
Cash and investments in City Treasury – Fiduciary Funds	<u>4,475</u>
Total City cash and investments	<u>\$ 712,772</u>

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

Authorized Investments

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles.

NOTE 3 - LOANS RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

These loans receivable were comprised of the following at June 30, 2012:

Housing Rehabilitation and Affordable Housing Notes	\$ 1,205,827
Full Assistance Loans	<u>87,096</u>
	<u>\$ 1,292,923</u>

Housing Rehabilitation, Business Enterprise and Affordable Housing

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by deferred revenue. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 3 - LOANS RECEIVABLE (concluded)

Full Assurance Loans bear interest from 1 to 5 percent, are generally amortized over 15 years, and require the borrowers to make monthly payments. As of June 30, 2012, there was \$87,096 in outstanding FAL loans.

NOTE 4 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed.

With the implementation of GASB No. 34, the City has begun recording costs and depreciation of current infrastructure assets. The City does not record depreciation in the year of acquisition and records a full year of depreciation in the year of disposition for capital assets related to governmental activities.

GASB No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$10,000 or more are capitalized.

The City has assigned the following useful lives to capital assets: Buildings and Improvements (10-75 years); Vehicles and Equipment (3-40 years); Infrastructure (10-50 years); and Utility Plant (10-50 years).

The following is a summary of capital assets activity for governmental activities as of June 30, 2012:

	Balance 7/1/11	Additions	Retirements	Balance 6/30/12
Capital assets (not depreciated):				
Land	\$ 613,051	\$ 14,894	\$ -	\$ 627,945
Construction in progress	970	24,265	970	24,265
Total capital assets (not depreciated)	<u>614,021</u>	<u>39,159</u>	<u>970</u>	<u>652,210</u>
Capital assets (being depreciated):				
Buildings and improvements	1,882	25,631	-	27,513
Equipment	501,921	-	-	501,921
Vehicles	160,842	11,627	-	172,469
Streets and roads	1,053,442	-	-	1,053,442
Infrastructure	2,342,203	-	-	2,342,203
Total capital assets (being depreciated)	<u>4,060,290</u>	<u>37,258</u>	<u>-</u>	<u>4,097,548</u>
Less accumulated depreciation:				
Buildings and improvements	(538)	(3,930)	-	(4,468)
Equipment	(475,505)	(10,436)	-	(485,941)
Vehicles	(140,139)	(15,948)	-	(156,087)
Streets and roads	(100,191)	(21,069)	-	(121,260)
Infrastructure	(131,698)	(46,844)	-	(178,542)
Total accumulated depreciation	<u>(848,071)</u>	<u>(98,227)</u>	<u>-</u>	<u>(946,298)</u>
Capital assets, net	<u>\$ 3,826,240</u>			<u>\$ 3,803,460</u>

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 4 - CAPITAL ASSETS (concluded)

The changes in proprietary fund types fixed assets for the fiscal year are:

	Balance 7/1/11	Additions	Retirements	Balance 6/30/12
Capital assets (not depreciated):				
Land	\$ 493,274	\$ 14,585	\$ -	\$ 507,859
Construction in progress	<u>956,642</u>	<u>2,335,297</u>	-	<u>3,291,939</u>
Total capital assets (not depreciated)	<u>1,449,916</u>	<u>2,349,882</u>	-	<u>3,799,798</u>
Capital assets (being depreciated):				
Buildings and improvements	142,830	-	-	142,830
Equipment	922,261	5,547	-	927,808
Vehicles	58,442	-	-	58,442
Infrastructure	<u>12,246,096</u>	-	-	<u>12,246,096</u>
Total capital assets (being depreciated)	<u>13,369,629</u>	<u>5,547</u>	-	<u>13,375,176</u>
Less accumulated depreciation:				
Buildings and improvements	(101,178)	(6,265)	-	(107,443)
Equipment	(874,778)	(38,927)	-	(913,705)
Vehicles	(35,427)	(7,011)	-	(42,438)
Infrastructure	<u>(444,284)</u>	<u>(286,930)</u>	-	<u>(731,214)</u>
Total accumulated depreciation	<u>(1,455,667)</u>	<u>(339,133)</u>	-	<u>(1,794,800)</u>
Capital assets, net	<u>\$ 13,363,878</u>			<u>\$ 15,380,174</u>

Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities

Public safety	\$ 98,227
Total Governmental Activities	<u>\$ 98,227</u>

Business-type Activities

Water	\$ 215,495
Sewer	<u>123,638</u>
Total Business-type Activities	<u>\$ 339,133</u>



City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations and debt for the fiscal year ended June 30, 2012 are as follows:

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Current Portion
Governmental Activity Debt:						
Compensated absences	\$ -	\$ 15,334	\$ 121	\$ -	\$ 15,455	\$ -
Total Governmental Activity Debt	\$ -	\$ 15,334	\$ 121	\$ -	\$ 15,455	\$ -
Business-type Activity Debt:						
DHS Infiltration Gallery Loan	\$ 2,720,000	\$ 2,448,000	\$ -	\$ 136,000	\$ 2,312,000	\$ 136,000
FMHA Special Assessment Bonds	535,800	180,000	-	20,000	160,000	25,000
RCAC - Sewer Planning and Design	400,000	214,879	-	57,084	157,795	157,795
Rural Communities Assistance Corp	1,700,000	-	569,008	-	569,008	-
Capital leases	66,638	58,296	-	15,103	43,193	17,595
Compensated absences	-	16,051	-	80	15,971	-
Total Business-type Activity Debt	\$ 5,422,438	\$ 2,917,226	\$ 569,008	\$ 228,267	\$ 3,257,967	\$ 336,390

Bonds and Notes Payable

Long-term debt at June 30, 2012 consists of the following:

DHS Infiltration Gallery Loan

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The proceeds from the loan were used to assist in financing construction of a project which will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2012 the balance of the note was \$2,312,000.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Based on the maximum balance of the loan the annual requirements to amortize the note are as follows:

<u>Year ending June 30</u>	
2013	\$ 136,000
2014	136,000
2015	136,000
2016	136,000
2017	136,000
2018	136,000
2019	136,000
2020	136,000
2021	136,000
2022	136,000
2023	136,000
2024	136,000
2025	136,000
2026	136,000
2027	136,000
2028	136,000
2029	136,000
Total	<u>\$ 2,312,000</u>

Assessment Bonds

In November 1978, the City borrowed \$535,800 through the issuance of bonds to finance improvements to the City's sewage collection system. The terms of an agreement with FMHA require semiannual payments of interest at 5 percent and annual payments of principal that increase from \$10,000 in the early years of the agreement to \$30,000 in the later years. Currently, the principal payments are \$20,000. The bonds mature in 2018.

The annual requirements to amortize the note are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,000	\$ 8,000	\$ 33,000
2014	25,000	6,750	31,750
2015	25,000	5,500	30,500
2016	25,000	4,250	29,250
2017	30,000	3,000	33,000
2018	<u>30,000</u>	<u>1,500</u>	<u>31,500</u>
Total	<u>\$ 160,000</u>	<u>\$ 29,000</u>	<u>\$ 189,000</u>

RCAC Sewer Planning and Design

In September 2011, the City borrowed \$400,000 through execution of a promissory note and loan agreement to finance the improvements to the City's wastewater treatment and disposal system. The terms of an agreement with RCAC require monthly payments of principal and interest at 5.5 percent. Currently, the principal payments are \$6,076. The loan was modified in December 2011, increasing the amount by \$700,000. The loan matures in October 2012 at which time all principal and accrued and unpaid interest is due and payable. The balance outstanding at June 30, 2012 was \$157,795.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

Rural Communities Assistance Corporation

The City obtained an interest only eighteen month credit line in May 2012 for the Waste Water Treatment Plant Construction Project. The interest rate is 5.5% and payments are made monthly. The balance of the credit line at June 30, 2012 was \$569,008.

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met. Amortization of leased assets is included with depreciation expense.

The following schedule presents future minimum lease payments as of June 30, 2012.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 17,595	\$ 1,694	\$ 19,289
2014	14,396	1,036	15,432
2015	11,202	333	11,535
Total	<u>\$ 43,193</u>	<u>\$ 3,063</u>	<u>\$ 46,256</u>

Compensated Absences Payable

There is no fixed payment schedule to pay the liability of \$31,426 for compensated absences through June 30, 2012.

The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

NOTE 6 - INTERFUND BALANCES

Current interfund balances arise in the normal course of business; resources may be transferred from one City fund to another. The purpose of the majority of the balances is to reimburse a fund that has made an expenditure on behalf of another fund. At June 30, 2012, interfund balances were comprised of the following:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Sewer	\$ 1,056,581
Water	Sewer	\$ 183,570

NOTE 7 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are pending lawsuits in which the City is involved. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 8 - JOINT POWERS AGREEMENTS

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB No. 14. The names and general functions of these joint powers are as follows:

Humboldt Transit Authority

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA. However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2012, the City paid HTA \$30,229. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs on HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2012, the City paid HMRA \$1,298. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

City of Rio Dell  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 8 - JOINT POWERS AGREEMENTS (concluded)

Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and the implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 520 E Street, Eureka, CA 95001.

NOTE 9 - DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2012, the City made contributions totaling \$135,662 to the plan.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to \$500,000 per general liability and \$1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of \$25,000,000. The City has a \$2,500 - \$50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, the SCORE becomes responsible for payment of the excess claim.

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2012, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors and inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

City of Rio Dell  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For the Year Ended June 30, 2012  
(UNAUDITED)

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ 108,627	\$ 108,627	\$ 107,092	\$ (1,535)
Sales	161,081	161,081	188,042	26,961
Occupancy	11,500	11,500	11,287	(213)
Intergovernmental	52,265	75,149	76,332	1,183
Licenses, permits, and franchise fees	464,140	464,140	456,037	(8,103)
Interest and use of property	53,680	53,680	38,570	(15,110)
Miscellaneous	200	200	1,295	1,095
Total revenues	<u>851,493</u>	<u>874,377</u>	<u>878,655</u>	<u>4,278</u>
<u>EXPENDITURES</u>				
Current operations:				
General government	135,044	135,044	126,508	8,536
Public safety	545,349	545,349	425,689	119,660
Public works	-	-	11,704	(11,704)
Planning	136,834	136,834	128,032	8,802
Recycling	-	-	102	(102)
Building	55,394	55,394	39,307	16,087
Capital outlays	-	46,669	46,670	(1)
Total expenditures	<u>872,621</u>	<u>919,290</u>	<u>778,012</u>	<u>141,278</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (21,128)</u>	<u>\$ (44,913)</u>	<u>100,643</u>	<u>\$ 145,556</u>
Fund balance, beginning of period			<u>1,059,033</u>	
Fund balance, end of period			\$ 1,159,676	

City of Rio Dell  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - CDBG FUND  
For the Year Ended June 30, 2012  
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ 170	\$ 170	\$ -
Total revenues	-	170	170	-
<u>EXPENDITURES</u>				
Current operations:				
Capital outlays	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	\$ -	\$ 170	170	\$ -
Fund balance, beginning of period			4,842	
Fund balance, end of period			\$ 5,012	